NEW ISSUE — BOOK-ENTRY ONLY

INSURED RATING: S&P "AA"
UNDERLYING RATING: S&P "AA-"
See "RATINGS" herein.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the District described herein, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Bond Counsel is further of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California (the "State") under present State law. See "TAX MATTERS" herein regarding certain other tax considerations.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
(Los Angeles County, California)

$87,255,000
2016 GENERAL OBLIGATION REFUNDING BONDS, SERIES B (2022 CROSSOVER)

$52,345,000
2016 GENERAL OBLIGATION REFUNDING BONDS, SERIES C

Dated: Date of Delivery **Due: August 1, as shown on inside cover.**

The 2016 General Obligation Refunding Bonds, Series B (2022 Crossover) (the "2016 Series B Bonds") and the 2016 General Obligation Refunding Bonds, Series C (the "2016 Series C Bonds") (together with the 2016 Series B Bonds, the "Bonds") offered hereunder by the Centinela Valley Union High School District (the "District") are issued for the purposes of (i) advance refunding, on a crossover basis, all or a portion of the District's General Obligation Bonds, Election of 2010, 2012 Series B, authorized at a bond election conducted within the District on November 2, 2010, (ii) advance refunding all or a portion of the District's 2008 Election General Obligation Bonds, 2013 Series B, authorized at a bond election conduced within the District on November 4, 2008 and (iii) paying the related costs of issuance of the Bonds. See the caption "PLAN OF REFUNDING" herein. The Bonds will be issued as current interest bonds. Interest on the Bonds is payable on February 1 and August 1 of each year, commencing on February 1, 2017. The Bonds are issued on a parity with all other general obligation bonds of the District.

The Bonds will be initially issued in book-entry form only, in denominations or Maturity Values (as defined herein) of $5,000 or integral multiples thereof, and will be initially issued and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Owners will not receive certificates representing their interests in the Bonds. Payments of principal and of premium, if any, and interest on the Bonds will be made by U.S. Bank National Association, as agent for the Treasurer and Tax Collector of the County, the initial Paying Agent for the Bonds, to DTC, which is obligated to remit such payments to its DTC participants for subsequent disbursement to the beneficial owners of the Bonds. See APPENDIX E – "BOOK-ENTRY ONLY SYSTEM" attached hereto.

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See "THE BONDS – Optional Redemption" and "– Mandatory Sinking Fund Redemption" herein.

Prior to August 1, 2022 (the "Crossover Date") the 2016 Series B Bonds shall be secured by and payable solely from the proceeds deposited into an escrow fund established therefor. From and after the Crossover Date, the 2016 Series B Bonds shall, without further action on the part of the District, the registered owners or the purchasers of the 2016 Series B Bonds, constitute general obligations of the District payable solely from *ad valorem* property taxes. The Bonds are general obligations of the District only and are not obligations of the County of Los Angeles, the State of California or any of its other political subdivisions. The Board of Supervisors of the County of Los Angeles has the power and is obligated to levy and collect *ad valorem* property taxes for each fiscal year upon the taxable property of the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal of and premium, if any, and interest on each Bond as the same becomes due and payable. The Bonds are dated their date of delivery. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

The scheduled payment of principal of and interest on the 2016 Series B Bonds and the 2016 Series C Bonds maturing on August 1 of the years 2022 through 2050, inclusive (the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by ASSURED GUARANTY MUNICIPAL CORP.

ASSURED GUARANTY® MUNICIPAL

MATURITY SCHEDULE
On Inside Cover

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds will be offered when, as and if issued and received by the Cabrera Capital Markets, LLC, the Underwriter, subject to the approval of legality by Nixon Peabody LLP, Bond Counsel, and certain other conditions. Nixon Peabody LLP is acting as Disclosure Counsel for the issue. Certain matters will be passed upon for the Underwriter by Norton Rose Fulbright US LLP, Los Angeles, California. Keygent LLC, El Segundo, California, is serving as Financial Advisor to the District in connection with the issuance of the Bonds. It is anticipated that the Bonds will be available for delivery in definitive form through the facilities of DTC on or about October 19, 2016.

CABRERA

CABRERA CAPITAL MARKETS, LLC

Dated: September 21, 2016

$87,255,000
CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
(County of Los Angeles, California)
2016 General Obligation Refunding Bonds, Series B
(2022 Crossover)

Base CUSIP Number†: 152339

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP† (152339)
2030	$100,000	2.500%	2.680%	QL4
2031	235,000	2.500	2.780	QA8
2032	390,000	2.625	2.890	QB6
2033	565,000	2.750	2.960	QC4
2034	745,000	2.750	3.030	QD2
2035	935,000	3.000	3.080	QE0
2036	1,135,000	3.000	3.120	QF7

$2,935,000 3.000% Term Bonds due August 1, 2038 – Yield 3.150% ; CUSIP† No. 152339QM2

$6,270,000 3.000% Term Bonds due August 1, 2041 – Yield 3.190% ; CUSIP† No. 152339QG5

$19,545,000 3.000% Term Bonds due August 1, 2044 – Yield 3.210% ; CUSIP† No. 152339QJ9

$24,165,000 4.000% Term Bonds due August 1, 2047 – Yield 2.980%[C] ; CUSIP† No. 152339QK6

$30,235,000 4.000% Term Bonds due August 1, 2050 – Yield 3.080%[C] ; CUSIP† No. 152339QH3

C Yield to par call on August 1, 2026.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. Neither the District nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

$52,345,000
CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
(County of Los Angeles, California)
2016 General Obligation Refunding Bonds, Series C

Base CUSIP Number†: 152339

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP† (152339)
2017*	$1,025,000	4.000%	0.800%	QN0
2018*	395,000	4.000	0.880	QP5
2019*	415,000	4.000	1.000	QQ3
2020*	430,000	4.000	1.130	QR1
2021*	445,000	4.000	1.230	QS9
2022	465,000	4.000	1.340	QT7
2023	485,000	4.000	1.480	QU4
2024	500,000	4.000	1.620	QV2
2025	1,520,000	4.000	1.720	QW0
2026	2,265,000	4.000	1.810	QX8
2027	2,080,000	4.000	2.100C	QY6
2028	2,625,000	4.000	2.240C	QZ3
2029	2,465,000	4.000	2.380C	RA7
2030	3,025,000	4.000	2.530C	RB5
2031	2,870,000	4.000	2.580C	RC3
2032	3,355,000	4.000	2.640C	RD1
2033	3,910,000	4.000	2.690C	RE9
2034	10,465,000	4.000	2.740C	RF6

$13,605,000 3.000% Term Bonds due August 1, 2036 – Yield 3.120% ; CUSIP† No. 152339RG4

* Such maturities of the 2016 Series C Bonds are uninsured.
C Yield to par call on August 1, 2026.
† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. Neither the District nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

This Official Statement does not constitute an offer to sell, the solicitation of an offer to buy, nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized by the District to provide any information or to make any representations other than as contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly described herein, are intended solely as such and are not to be construed as a representation of facts.

The information set forth herein, other than that provided by the District, has been obtained from sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District.

The District maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites is not incorporated herein by reference and does not constitute part of this Official Statement except for information set forth under the caption "LOS ANGELES COUNTY TREASURY POOL" herein.

The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. Although certain information set forth in this Official Statement has been provided by the County of Los Angeles (the "County"), the County has not approved this Official Statement and is not responsible for the accuracy or completeness of the statements contained in this Official Statement.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and "APPENDIX G - SPECIMEN MUNICIPAL BOND INSURANCE POLICY".

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS, BANKS OR OTHERS AT PRICES LOWER OR HIGHER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the United States Securities Act of 1933, as amended (the "Securities Act"). Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
County of Los Angeles, California

BOARD OF EDUCATION

Member	Term Ending
Hugo M. Rojas, President	December 2017
Gloria A. Ramos, Vice-President	December 2019
Rocio C. Pizano, Clerk	December 2017
Daniel Urrutia, Member	December 2019
Marisela Ruiz, Member	December 2017

DISTRICT ADMINISTRATION

Gregory O'Brien, Ph.D., Superintendent
Ron Hacker, Assistant Superintendent, Business Services

BOND AND DISCLOSURE COUNSEL

Nixon Peabody LLP
San Francisco, California

FINANCIAL ADVISOR

Keygent LLC
El Segundo, California

PAYING AGENT

U.S. Bank National Association, as agent for the
Treasurer and Tax Collector of the County of Los Angeles
Los Angeles, California

ESCROW AGENT

U.S. Bank National Association
Los Angeles, California

VERIFICATION AGENT

Causey Demgen & Moore P.C.
Denver, Colorado

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CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
(Los Angeles County, California)

$87,255,000 **2016 GENERAL OBLIGATION REFUNDING BONDS, SERIES B (2022 CROSSOVER)**	**$52,345,000** **2016 GENERAL OBLIGATION REFUNDING BONDS, SERIES C**

INTRODUCTION

The Centinela Valley Union High School District (the "District") proposes to issue (i) $87,255,000 aggregate principal amount of its 2016 General Obligation Refunding Bonds, Series B (2022 Crossover) (the "2016 Series B Bonds"), (ii) $52,345,000 aggregate principal amount of its 2016 General Obligation Refunding Bonds, Series C (the "2016 Series C Bonds") (together with the 2016 Series B Bonds, the "Bonds"), pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Sections 53550 and 53580, respectively) (the "Act"), and other applicable laws of the State of California (the "State"), and pursuant to a resolution adopted by the Board of Education of the District (the "Board of Education") on September 13, 2016 (the "Resolution").

THE 2016 SERIES C BONDS ARE GENERAL OBLIGATION BONDS OF THE DISTRICT, SECURED BY AND PAYABLE FROM *AD VALOREM* PROPERTY TAXES ASSESSED ON TAXABLE PROPERTY WITHIN THE DISTRICT, WITHOUT LIMITATION AS TO RATE OR AMOUNT (EXCEPT FOR CERTAIN PROPERTY TAXABLE AT LIMITED VALUES). AFTER THE CROSSOVER DATE (AS DEFINED HEREIN), THE 2016 SERIES B BONDS ARE GENERAL OBLIGATION BONDS OF THE DISTRICT, SECURED BY AND PAYABLE FROM *AD VALOREM* PROPERTY TAXES ASSESSED ON TAXABLE PROPERTY WITHIN THE DISTRICT, WITHOUT LIMITATION AS TO RATE OR AMOUNT (EXCEPT FOR CERTAIN PROPERTY TAXABLE AT LIMITED VALUES). THE BONDS ARE NOT AN OBLIGATION OF THE GENERAL FUND OF THE DISTRICT OR OF THE COUNTY OF LOS ANGELES (THE "COUNTY"). SEE "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" HEREIN.

Proceeds from the sale of the Bonds will be applied to (i) the refunding, on a crossover basis, of a portion of the District's General Obligation Bonds, Election of 2010, 2012 Series B (the "2012 Series B Bonds") currently outstanding in the aggregate principal and issue amount of $71,900,323.55, (ii) the refunding of a portion of the District's 2008 Election General Obligation Bonds, 2013 Series B (the "2013 Series B Bonds" and, together with the 2012 Series B Bonds, the "Prior Bonds" and such of the Prior Bonds as are being refunded, the "Refunded Bonds") currently outstanding in the aggregate principal and issue amount of $49,700,000 and (iii) paying the costs of issuance of the Bonds. See "PLAN OF REFUNDING."

The scheduled payment of principal of and interest on the 2016 Series B Bonds and the 2016 Series C Bonds maturing on August 1 of the years 2022 through 2050, inclusive (the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by ASSURED GUARANTY MUNICIPAL CORP.

The District is located in the western section of the County in the State and includes virtually all of the City of Lawndale, a portion of the City of Hawthorne, a small portion of the City of El Segundo, and an unincorporated territory in the community of Lennox, which includes residential and industrial areas. The District serves a population of approximately 168,166 residents. See APPENDIX F – "REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION" for information regarding the County and the region encompassing the District.

The District was formed in 1905 as the Inglewood Union High School District and became the Centinela Valley Union High School District in 1944. Effective July 1, 2014, Wiseburn Unified School District ("Wiseburn") (formerly Wiseburn School District), previously a "feeder" school district for the District, became a unified school district, the result of which permits Wiseburn students to attend high schools in Wiseburn instead of the District and which decreased the boundaries of the District. For more information regarding the Wiseburn unification, see APPENDIX A – "THE DISTRICT – Unification of Wiseburn School District." Prior to the Crossover Date, the portion of the 2012 Series B Bonds being refunded will remain general obligations of the District payable solely from *ad valorem* property taxes. The Refunded Bonds are general obligation bonds approved by voters of the District and voters of portions of Wiseburn which were at the time included in the District's boundaries at the time of the election on November 4, 2008 (together with the District, the "Original District"), and are payable from *ad valorem* property taxes levied by the County on behalf of the Original District on taxable property located within the Original District.

The District has certain existing obligations as set forth in APPENDIX A and under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and direct and overlapping bonded indebtedness as set forth under "– Direct and Overlapping Debt." The District's audited financial statements for fiscal year 2014-15 are attached hereto as APPENDIX C. For further information concerning the District, see APPENDIX A – "THE DISTRICT."

PLAN OF REFUNDING

The net proceeds of the Bonds will be used to effect the refunding of the Refunded Bonds. On the date of delivery of the 2016 Series B Bonds, the net proceeds will be deposited into an Escrow Fund established pursuant to that certain Escrow Agreement, dated as of October 1, 2016 (the "2016 Series B Escrow Agreement"), by and between the District and U.S. Bank National Association, in the capacity of Escrow Agent (the "Escrow Agent"). **Prior to the Crossover Date, the 2016 Series B Bonds will be secured by and payable solely from amounts on deposit in the Escrow Fund.** From and after the Crossover Date, the 2016 Series B Bonds shall, without further action on the part of the District or the Owners or purchasers of the Bonds, constitute general obligations of the District payable solely from *ad valorem* property taxes. On the date of delivery of the 2016 Series C Bonds, the net proceeds will be deposited into an Escrow Fund established pursuant to that certain Escrow Agreement, dated as of October 1, 2016 (the "2016 Series C Escrow Agreement" and, together with the 2016 Series B Escrow Agreement, the "Escrow Agreements"), by and between the District and U.S. Bank National Association, in the capacity of Escrow Agent.

The net proceeds of the Bonds will be invested under the terms of each Escrow Agreement. Amounts in the Escrow Fund, together with other available funds, will be available to pay principal of and interest on the Refunded Bonds through maturity and/or through the redemption date thereof, and the redemption price of certain of the Refunded Bonds at a redemption price of 100% of the principal thereof plus accrued interest thereon to their respective redemption dates listed below.

The Escrow Agreements provide for the investment of the proceeds of the Bonds deposited thereunder in noncallable direct obligations issued by the United States Treasury (including State and Local Government Series Obligations) or obligations which are unconditionally guaranteed by the United States of America. Causey Demgen Moore P.C., certified public accountants (the "Verification Agent") will verify the sufficiency of amounts so deposited and invested to provide for such payments.

THE REFUNDED BONDS

The proceeds of the Refunded Bonds were applied to pay the costs of constructing and improving certain of the Original District's facilities described in the bond measure approved by the voters of the Original District on November 4, 2008 and November 2, 2010.

The District is issuing the Bonds to refund $65,922,674.70 of the outstanding 2012 Series B Refunded Bonds and to refund $43,550,000.00 of the outstanding 2013 Series B Refunded Bonds identified below.

Centinela Valley Union High School District
(County of Los Angeles, California)
General Obligation Bonds, Election of 2010, 2012 Series B

Maturity Date (August 1)	Initial Principal Amount(1)	CUSIP Number (152339)
2023	$494,752.00	LM7
2024	524,276.70	LN5
2025	553,352.80	LP0
2026	577,219.50	LQ8
2027	591,840.90	LR6
2028	608,064.60	LS4
2029	619,600.50	LT2
2030	628,787.60	LU9
2031	639,844.20	LV7
2032	646,129.90	LW5
2037(2)	3,261,130.50	LX3
2045(2)	7,377,675.50	LY1
2050(2)	49,400,000.00	LG0

(1) To be redeemed at par on August 1, 2022.
(2) Term Bond.

Centinela Valley Union High School District
(County of Los Angeles, California)
General Obligation Bonds, Election of 2008, 2013 Series B

Maturity Date (August 1)	Initial Principal Amount(1)	CUSIP Number (152339)
2025	$1,000,000.00	MJ3
2026	1,740,000.00	MK0
2027	1,565,000.00	ML8
2028	2,115,000.00	MM6
2029	1,970,000.00	MN4
2030	2,545,000.00	MP9
2031	2,420,000.00	MQ7
2032	2,925,000.00	MR5
2033	3,515,000.00	MS3
2036(2)	23,755,000.00	MT1

(1) To be redeemed at par on August 1, 2023.
(2) Term Bond.

THE BONDS

Authority for Issuance and Security for the Bonds

The Bonds are general obligations of the Original District. Pursuant to the Act, general obligation bonds issued for the purpose of refunding outstanding general obligation bonds previously authorized by the voters that do not increase the debt service obligation of taxpayers do not require additional voter approval, either for issuance of such refunding general obligation bonds or the levy of an *ad valorem* property tax sufficient to pay principal of and interest as due on the refunding general obligation bonds, including without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of, and premium, if any, and interest on the Bonds.

Prior to the Crossover Date, the 2016 Series B Bonds will be secured by and payable solely from certain net proceeds of the 2016 Series B Bonds on deposit in the Escrow Fund. From and after the Crossover Date, the 2016 Series B Bonds shall, without any further action on the part of the School District or the Owners or Beneficial Owners of the 2016 Series B Bonds, constitute general obligations of the Original District, payable solely from the proceeds of *ad valorem* property taxes.

Description of the Bonds

The Bonds will be dated their date of delivery and will be issued in denominations or of $5,000 or any integral multiple thereof. The Bonds will be issued as current interest bonds. The principal of the Bonds is payable at the maturity dates of the respective Bonds or their earlier redemption. Interest on the Bonds is payable on February 1 and August 1, commencing on February 1, 2017, in each of the years and in the principal amounts set forth on the inside cover page of this Official Statement.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners (as defined herein) or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds.

So long as Cede & Co. is the registered owner of the Bonds, principal of, interest or premium, if any, on the 2016 Series C Bonds and the 2016 Series B Bonds (from and after the Crossover Date) are payable by wire transfer of New York Clearing House or equivalent next-day funds or by wire transfer of same day funds by U.S. Bank National Association, as paying agent (the "Paying Agent"), to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC Participants ("DTC Participants") for subsequent disbursement to the Beneficial Owners. Payments of principal, and premium, if any, for any Bonds shall be made only upon the surrender of such Bonds to the Paying Agent. See APPENDIX E – "BOOK-ENTRY-ONLY SYSTEM" herein. In regards to the 2016 Series B Bonds, prior to the Crossover Date, payments of principal of, and interest on the 2016 Series B Bonds will be made by U.S. Bank National Association in its capacity as Escrow Agent.

Payment of the Bonds

Interest on each Bond shall accrue from its dated date. Interest on the Bonds shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each February 1 and

August 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2017, to the registered owner (each, an "Owner") thereof as of the close of business on the fifteenth calendar day of the month preceding any Interest Payment Date (whether or not such day is a business day) (a "Record Date"). Interest on each Bond will be payable from the Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered after the close of business on any Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon shall be payable from such following Interest Payment Date; or (ii) it is registered prior to the close of business on the first Record Date, in which event interest shall be payable from its dated date; provided, however, that if at the time of registration of any Bond interest thereon is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest on the Bonds will be made on each Interest Payment Date by check or draft of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof on the Record Date, or by wire transfer to any Owner of $1,000,000 principal amount or more of such Bonds, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent, which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest.

Principal of the Bonds shall be due and payable on August 1 in each of the years as set forth on the inside cover of this Official Statement.

Estimated Sources and Uses of Funds

The proceeds of the Bonds are expected to be applied as follows:

Sources of Funds	
Principal or Issue Amount	$139,600,000.00
Net Original Issue Premium	7,975,675.50
Total Sources	$147,575,675.50
Uses of Funds	
Deposit to Escrow Fund	$146,422,203.55
Underwriter's Discount	558,400.00
Costs of Issuance(1)	595,071.95
Total Uses	$147,575,675.50

(1) Includes payment of Bond and Disclosure Counsel fees, Financial Advisor fees, Paying Agent fees, Escrow Agent fees, Verification Agent fees, rating agency fees, Preliminary Official Statement and Official Statement printing, the cost of the premium for a municipal bond insurance policy, other costs of issuance, and a contingency amount.

Optional Redemption

The 2016 Series B Bonds maturing on or after August 1, 2030, will be subject to redemption prior to their stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 2026, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest, if any, to the redemption date.

The 2016 Series C Bonds maturing on or before August 1, 2026, will not be subject to redemption prior to their respective stated maturity dates. The 2016 Series C Bonds maturing on or after August 1, 2027, may be redeemed before maturity, at the option of the District, from any source of available funds, in whole or in part on any date on or after August 1, 2026 at a redemption price equal to 100% of the principal amount thereof, together with accrued interest, if any, to the redemption date.

Mandatory Sinking Fund Redemption

The 2016 Series B Bonds maturing on August 1, 2038 (the "2038 Term Series 2016B Bonds") are subject to mandatory sinking fund redemption prior to the stated maturity in part at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium, in the principal amounts and on the dates as follows:

Mandatory Sinking Fund Payment Date (August 1)	Mandatory Sinking Fund Payment
2037	$1,350,000
2038[1]	1,585,000

[1] Maturity.

The 2016 Series B Bonds maturing on August 1, 2041 (the "2041 Term Series 2016B Bonds") are subject to mandatory sinking fund redemption prior to the stated maturity in part at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium, in the principal amounts and on the dates as follows:

Mandatory Sinking Fund Payment Date (August 1)	Mandatory Sinking Fund Payment
2039	$1,830,000
2040	2,085,000
2041[1]	2,355,000

[1] Maturity.

The 2016 Series B Bonds maturing on August 1, 2044 (the "2044 Term Series 2016B Bonds") are subject to mandatory sinking fund redemption prior to the stated maturity in part at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium, in the principal amounts and on the dates as follows:

Mandatory Sinking Fund Payment Date (August 1)	Mandatory Sinking Fund Payment
2042	$5,735,000
2043	6,620,000
2044[1]	7,190,000

(1) Maturity.

The 2016 Series B Bonds maturing on August 1, 2047 (the "2047 Term Series 2016B Bonds") are subject to mandatory sinking fund redemption prior to the stated maturity in part at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium, in the principal amounts and on the dates as follows:

Mandatory Sinking Fund Payment Date (August 1)	Mandatory Sinking Fund Payment
2045	$7,795,000
2046	7,835,000
2047(1)	8,535,000

(1) Maturity.

The 2016 Series B Bonds maturing on August 1, 2050 (the "2050 Term Series 2016B Bonds" and, together with the 2038 Term Series 2016B Bonds, the 2041 Term Series 2016B Bonds, the 2044 Term Series 2016B Bonds, and the 2047 Term Series 2016B Bonds, the "Term Bonds") are subject to mandatory sinking fund redemption prior to the stated maturity in part at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium, in the principal amounts and on the dates as follows:

Mandatory Sinking Fund Payment Date (August 1)	Mandatory Sinking Fund Payment
2048	$9,280,000
2049	10,065,000
2050(1)	10,890,000

(1) Maturity.

In the event that a portion of a Term Bond is optionally redeemed, the principal amount of each remaining sinking fund payment shown above will be reduced as directed by the District in the aggregate amount equal to the amount so redeemed.

The 2016 Series C Bonds maturing on August 1, 2036 (the "2036 Term Series 2016C Bonds") are subject to mandatory sinking fund redemption prior to the stated maturity in part at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium, in the principal amounts and on the dates as follows:

Mandatory Sinking Fund Payment Date (August 1)	Mandatory Sinking Fund Payment
2035	$12,100,000

2036[1]	1,505,000

[1] Final Maturity.

In the event that a portion of the 2036 Term Series 2016C Bonds are optionally redeemed, the principal amount of each remaining sinking fund payment shown above will be reduced as directed by the District in the aggregate amount equal to the amount so redeemed.

Selection of Bonds for Redemption

Whenever provision is made for the redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District given to the Paying Agent, shall select Bonds for redemption in such order as the District may direct, or, in the absence of such direction, by lot. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; *provided, however*, that the portion of any Bond to be redeemed in part shall be in the principal amount or Maturity Values of $5,000 or any integral multiple thereof.

Notice of Redemption

When redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, shall give notice (each, a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of any Bond to be redeemed in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount, as appropriate, of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price thereof, and that from and after such date, interest on Bonds shall cease to accrue and be payable.

The Paying Agent shall take the following actions with respect to such Redemption Notice: (i) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by first-class mail, postage prepaid, at their addresses appearing on the Bond Register; (ii) in the event that the Bonds shall no longer be held in book-entry-only form, at least 35 but not more than 45 days before the redemption date, such Redemption Notice shall be given by (1) first-class mail, postage prepaid, (2) telephonically confirmed facsimile transmission or, (3) overnight delivery service, to each of the Securities Depositories; and (iii) in the event that the Bonds shall no longer be held in book-entry-only form, at least 35 but not more than 45 days before the redemption date, such Redemption Notice shall be given by (1) first-class mail, postage prepaid, or (2) overnight delivery service, to the Information Services.

"Securities Depositories" means DTC and, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in a certificate delivered to the Paying Agent.

"Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, and, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the District may designate in a certificate of the District delivered to the Paying Agent.

Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear the CUSIP number identifying, by series and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

A Redemption Notice given hereunder may be conditioned upon the receipt of sufficient moneys to pay the redemption price of the affected Bonds and may be rescinded by the District in the event such funds are not received.

Conditional Notice of Redemption

Any Redemption Notice relating to an optional redemption may be made conditional upon the satisfaction of certain conditions and may be rescinded by the District at any time prior to the scheduled date of redemption by so notifying the Owners of the affected Bonds and the Information Services.

Partial Redemption of Bonds

Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of like series, tenor and maturity and of authorized denominations equal in principal amount or Maturity Value to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the County and the District shall be released and discharged thereupon from all liability to the extent of such payment.

Effect of Notice of Redemption

Notice having been given as required in the Resolution, and the moneys for redemption (including the interest to the applicable date of redemption) having been set aside in the District's Debt Service Fund, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

Transfer and Exchange

The registration of any Bond may be transferred upon surrender of such Bond to the Paying Agent. Such Bond shall be endorsed or accompanied by delivery of the written instrument of transfer, duly executed by the Owner or his duly authorized attorney, and payment of reasonable transfer fees to the Paying Agent. Upon such registration of transfer, a new Bond or Bonds, of like tenor and maturity in the same principal amount and in authorized denominations, will be executed and delivered to the transferee in exchange therefor.

The Paying Agent shall deem and treat the person in whose name any Outstanding Bond is registered upon the Bond Register as the absolute owner of such Bond, whether the principal, premium, if any, or interest with respect to such Bond shall be overdue or not, for the purpose of receiving payment of principal, premium, if any, and interest with respect to such Bond and for all other purposes, and any such payments so made to any such Owner or upon his order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and the District or the Paying Agent shall not be affected by any notice to the contrary.

Bonds may be exchanged at the office of the Paying Agent for Bonds of like tenor, maturity and principal amount of other authorized denominations. All Bonds surrendered in any such exchange shall thereupon be cancelled by the Paying Agent. The Paying Agent may charge the Owner a reasonable sum for each new Bond executed and delivered upon any exchange and may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Paying Agent shall not be required to register the transfer or exchange of any Bond (i) during the period beginning at the close of business on any Record Date through the close of business on the immediately following Interest Payment Date, or (ii) that has been called or is subject to being called for redemption, during a period beginning at the opening of business 15 days before any selection of Bonds to be redeemed through the close of business on the applicable redemption date, except for the unredeemed portion of any Bond to be redeemed only in part.

Defeasance

All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) by paying or causing to be paid the principal of and premium, if any, and interest on such Bonds, and when the same become due and payable;

(b) by depositing with the Paying Agent, in trust, cash which together with amounts then on deposit in the Debt Service Fund (and any accounts therein other than amounts that are not available to pay debt service) together with the interest to accrue thereon without the need for further investment, is fully sufficient to pay such Bonds at maturity thereof, including any premium and all interest thereon; or

(c) by depositing with an escrow agent selected by the District in accordance with the Resolution, in trust, lawful money or noncallable direct obligations issued by the United States Treasury (including State and Local Government Series) or obligations which are unconditionally guaranteed by the United States of America and permitted under Section 149(b) of the Code (defined below) and Regulations which, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient to pay and discharge such Bonds at maturity or earlier redemption thereof, for which notice has been given or provided for, including any premium and all interest thereon.

Notwithstanding that any Bonds called for defeasance have not been surrendered for payment, all obligations of the District and the Paying Agent with respect to all such designated outstanding Bonds will cease and terminate.

However, the obligation of the Paying Agent to pay or cause to be paid all sums thereon to the Owners of such Bonds, and the obligation of the District to pay the Paying Agent certain amounts due under the Resolution shall not terminate.

Book-Entry-Only System

The Bonds will be issued under a book-entry system, evidencing ownership of the Bonds in principal amounts or Maturity Values, of $5,000 or integral multiples thereof, with no physical distribution of Bonds made to the public. DTC will act as depository for the Bonds, which will be immobilized in their custody. The Bonds will be registered in the name of Cede & Co., as nominee for DTC. For further information regarding DTC and the book-entry system, see APPENDIX E hereto.

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DEBT SERVICE SCHEDULE

The following table summarizes the debt service requirements for the Bonds and the other outstanding general obligation bonds of the District (the "Outstanding Bonds") after the issuance of the Bonds, assuming no optional redemption.

		The 2016 Series B Bonds		The 2016 Series C Bonds		
Period Ending August 1	**Outstanding Bonds Debt Service [(1)]**	**Principal**	**Interest**	**Principal**	**Interest**	**Aggregate Debt Service**
2017	$11,815,776.26	-	$2,471,602.71[(2)]	$1,025,000.00	$1,533,570.83	$16,845,949.80
2018	11,431,843.76	-	3,155,237.50[(2)]	395,000.00	1,916,750.00	16,898,831.26
2019	12,444,933.76	-	3,155,237.50[(2)]	415,000.00	1,900,950.00	17,916,121.26
2020	12,461,240.36	-	3,155,237.50[(2)]	430,000.00	1,884,350.00	17,930,827.86
2021	13,502,609.71	-	3,155,237.50[(2)]	445,000.00	1,867,150.00	18,969,997.21
2022	13,485,738.56	-	3,155,237.50[(2)]	465,000.00	1,849,350.00	18,955,326.06
2023	11,247,410.01	-	3,155,237.50	485,000.00	1,830,750.00	16,718,397.51
2024	11,307,075.01	-	3,155,237.50	500,000.00	1,811,350.00	16,773,662.51
2025	11,203,743.76	-	3,155,237.50	1,520,000.00	1,791,350.00	17,670,331.26
2026	10,666,418.76	-	3,155,237.50	2,265,000.00	1,730,550.00	17,817,206.26
2027	11,825,975.01	-	3,155,237.50	2,080,000.00	1,639,950.00	18,701,162.51
2028	11,607,231.26	-	3,155,237.50	2,625,000.00	1,556,750.00	18,944,218.76
2029	12,712,418.76	-	3,155,237.50	2,465,000.00	1,451,750.00	19,784,406.26
2030	12,626,575.01	$100,000.00	3,155,237.50	3,025,000.00	1,353,150.00	20,259,962.51
2031	14,275,250.01	235,000.00	3,152,737.50	2,870,000.00	1,232,150.00	21,765,137.51
2032	13,689,331.26	390,000.00	3,146,862.50	3,355,000.00	1,117,350.00	21,698,543.76
2033	15,613,968.76	565,000.00	3,136,625.00	3,910,000.00	983,150.00	24,208,743.76
2034	8,538,050.00	745,000.00	3,121,087.50	10,465,000.00	826,750.00	23,695,887.50
2035	7,948,100.00	935,000.00	3,100,600.00	12,100,000.00	408,150.00	24,491,850.00
2036	3,688,800.00	1,135,000.00	3,072,550.00	1,505,000.00	45,150.00	9,446,500.00
2037	2,743,000.00	1,350,000.00	3,038,500.00	-	-	7,131,500.00
2038	2,855,000.00	1,585,000.00	2,998,000.00	-	-	7,438,000.00
2039	2,969,200.00	1,830,000.00	2,950,450.00	-	-	7,749,650.00
2040	3,090,200.00	2,085,000.00	2,895,550.00	-	-	8,070,750.00
2041	3,222,400.00	2,355,000.00	2,833,000.00	-	-	8,410,400.00
2042	170,000.00	5,735,000.00	2,762,350.00	-	-	8,667,350.00
2043	170,000.00	6,620,000.00	2,590,300.00	-	-	9,380,300.00
2044	170,000.00	7,190,000.00	2,391,700.00	-	-	9,751,700.00
2045	170,000.00	7,795,000.00	2,176,000.00	-	-	10,141,000.00
2046	845,000.00	7,835,000.00	1,864,200.00	-	-	10,544,200.00
2047	876,312.50	8,535,000.00	1,550,800.00	-	-	10,962,112.50
2048	905,075.00	9,280,000.00	1,209,400.00	-	-	11,394,475.00
2049	936,287.50	10,065,000.00	838,200.00	-	-	11,839,487.50
2050	974,737.50	10,890,000.00	435,600.00	-	-	12,300,337.50
Total	$252,189,702.52	$87,255,000.00	$92,754,202.71	$52,345,000.00	$28,730,420.83	$513,274,326.06

(1) Does not include the 2013 Series B Refunded Bonds, and for periods following the Crossover Date, does not include the 2012 Series B Refunded Bonds. Prior to the Crossover Date, the 2012 Series B Refunded Bonds will continue to be an obligation of the District payable from *ad valorem* property taxes. Accordingly, this amount does include interest on the 2012 Series B Refunded Bonds through the Crossover Date.

(2) Reflects interest on 2016 Series B Bonds to be paid from the Escrow Fund established under the 2016 Series B Escrow Agreement through the Crossover Date.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are general obligations of the District, and the Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* taxes upon all property within the District subject to taxation by the County, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of both principal of and interest on the 2016 Series C Bonds, and from and after the Crossover Date, the 2016 Series B Bonds. Prior to the Crossover Date, the 2016 Series B Bonds are payable solely from proceeds thereof deposited in the Escrow Fund. All general obligation bonds of the District are issued on parity with one another.

Assessed Valuations

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIIIA of the California Constitution. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein.

The State-reimbursed exemption currently provides a credit of $7,000 of the full value of an owner-occupied dwelling for which application has been made to the County Assessor. The revenue estimated to be lost to local taxing agencies due to the exemption is reimbursed from State sources. Reimbursement is based upon total taxes due upon such exempt value and is not reduced by any amount for estimated or actual delinquencies.

In addition, certain classes of property such as churches, colleges, not-for-profit hospitals and charitable institutions are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

Economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster such as earthquake, flood, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the Original District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Original District's outstanding general obligation bonds, including the Bonds.

On January 17, 2014, the Governor declared a State-wide Drought State of Emergency, after determining that the State was facing the driest year in recorded history; California's river and reservoirs were below their record low levels, and manual and electronic readings recorded the water content of snowpack at the highest elevations in the State (chiefly in the Sierra Nevada mountain range) at about 20% of normal average for the winter season. As part of his State of Emergency declaration, the Governor directed State officials to assist agricultural producers and communities that may be economically impacted by dry conditions. Following the Governor's declaration, the California State Water Resources Control Board (the "Water Board") issued a statewide notice of water shortages and potential future curtailment of water right diversions. On April 1, 2015, the Governor issued an executive order mandating certain conservation measures, including a requirement that the Water Board impose restrictions to achieve a statewide 25% reduction in urban water usage through February 28, 2016. On May 9, 2016, Governor Brown issued a further executive order pursuant to which certain urban water usage emergency drought regulations, including bans on hosing down driveways and watering laws within 48 hours of a rainstorm, will remain in place indefinitely. Urban water suppliers will be required to report their water use to the State each month and to develop plans to get through long-term periods of drought. On May 18, 2016, Governor Brown suspended the statewide 25% reduction in urban water usage, instructing local communities to set their own conservation standards. Both of the May 2016 executive orders were issued in response to a winter in which an El Niño weather pattern caused excess rainfall in the northern part of the State but did not provide enough rainfall in the southern part of the State to fully ameliorate drought conditions.

The District cannot make any representation regarding the effects that the current drought has had, or, if it should continue, may have on the value of taxable property within the District, or to what extent the drought could cause disruptions to economic activity within the boundaries of the District.

For fiscal year 2015-16, the total assessed valuation of property within the District's boundaries was $8,658,335,854. The decrease in total assessed valuation of property in fiscal year 2015-16 from prior fiscal years is primarily attributable to the unification of the Wiseburn Unified School District, as discussed in more detail in APPENDIX A – THE DISTRICT – "Unification of Wiseburn Unified School District." Shown in the following tables are the assessed valuations of property in the Original District during the past four fiscal years and in the District during the current fiscal year, and parcels by land use of property in the District for the 2016-17 fiscal year, the per-parcel assessed valuation of single-family homes in the District for the 2016-17 fiscal year and the twenty largest secured taxpayers in the District for fiscal years 2016-17.

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CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
SUMMARY OF ASSESSED VALUATIONS
FISCAL YEARS 2011-12 THROUGH 2016-17

Fiscal Year	Local Secured	Utility	Unsecured	Total
2011-12	$12,684,279,200	$3,437,577	$1,375,834,891	$14,063,551,668
2012-13	12,956,658,729	3,448,707	1,509,220,820	14,469,328,256
2013-14	13,383,091,245	2,149,567	1,550,684,841	14,935,925,653
2014-15	13,731,192,885	2,149,567	1,506,747,624	15,240,090,076
2015-16(1)	8,415,684,841	2,768,337	239,882,676	8,658,335,854
2016-17(1)	8,776,337,429	2,768,337	569,579,199	9,348,684,965

ORIGINAL DISTRICT
SUMMARY OF ASSESSED VALUATIONS
FISCAL YEARS 2015-16 THROUGH 2016-17(2)

Fiscal Year	Local Secured	Utility	Unsecured	Total
2015-16	$14,639,187,967	$2,768,337	$1,555,626,037	$16,197,582,341
2016-17	15,372,899,926	2,768,337	1,947,682,771	17,323,351,034

Source: California Municipal Statistics, Inc.
(1) Excludes property now located within Wiseburn Unified School District.
(2) Includes property now located within Wiseburn Unified School District.

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CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
2016-17 ASSESSED VALUATION AND PARCELS BY LAND USE

Assessed Valuation and Parcels by Land Use

Non-Residential:	2016-17 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Commercial/Office	$1,326,042,962	15.11%	1,512	7.08%
Vacant Commercial	27,824,871	0.32	130	0.61
Industrial	569,227,288	6.49	394	1.84
Vacant Industrial	10,042,841	0.11	42	0.20
Recreational	3,654,090	0.04	14	0.07
Government/Social/Institutional	7,518,394	0.09	23	0.11
Miscellaneous	539,766	0.01	21	0.10
Subtotal Non-Residential	$1,944,850,212	22.16%	2,136	10.00%
Residential:				
Single Family Residence	$2,867,534,991	32.67%	10,577	49.51%
Condominium/Townhouse	38,681,875	4.44	1,560	7.30
2-4 Residential Units	1,929,029,715	21.98	5,433	25.43
5+ Residential Units/Apartments	1,602,391,960	18.26	1,417	6.63
Vacant Residential	42,848,676	0.49	239	1.12
Subtotal Residential	$6,831,487,217	77.84%	19,226	90.00%
Total	$8,776,337,429	100.00%	21,362	100.00%

[1] Local secured assessed valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
PER PARCEL 2016-17 ASSESSED VALUATION OF SINGLE-FAMILY HOMES

	No. of Parcels	2016-17 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	10,577	$2,867,534,991	$271,110	$257,166

2016-17 Assessed Valuation	No. of Parcels [(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	25	0.236%	0.236%	$ 438,900	0.015%	0.015%
$25,000 - $49,999	279	2.638	2.874	11,854,143	0.413	0.429
$50,000 - $74,999	739	6.987	9.861	45,203,801	1.576	2.005
$75,000 - $99,999	357	3.375	13.236	30,946,407	1.079	3.084
$100,000 - $124,999	291	2.751	15.988	32,710,248	1.141	4.225
$125,000 - $149,999	425	4.018	20.006	58,634,842	2.045	6.270
$150,000 - $174,999	542	5.124	25.130	88,709,280	3.094	9.363
$175,000 - $199,999	753	7.119	32.249	141,469,409	4.933	14.297
$200,000 - $224,999	803	7.592	39.841	170,987,153	5.963	20.260
$225,000 - $249,999	841	7.951	47.792	199,414,575	6.954	27.214
$250,000 - $274,999	747	7.062	54.855	195,762,443	6.827	34.041
$275,000 - $299,999	622	5.881	60.736	178,308,302	6.218	40.259
$300,000 - $324,999	617	5.833	66.569	192,819,362	6.724	46.983
$325,000 - $349,999	532	5.030	71.599	179,227,532	6.250	53.233
$350,000 - $374,999	525	4.964	76.562	190,247,448	6.635	59.868
$375,000 - $399,999	438	4.141	80.703	169,467,802	5.910	65.778
$400,000 - $424,999	393	3.716	84.419	162,072,822	5.652	71.430
$425,000 - $449,999	403	3.810	88.229	176,259,429	6.147	77.577
$450,000 - $474,999	344	3.252	91.482	158,749,210	5.536	83.113
$475,000 - $499,999	274	2.591	94.072	133,182,690	4.645	87.757
$500,000 and greater	627	5.928	100.000	351,069,193	12.243	100.000
Total	10,577	100.000%		$2,867,534,991	100.000%	

[(1)] Improved single-family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

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CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
2016-17 LARGEST LOCAL SECURED TAXPAYERS

	Property Owner	Primary Land Use	2016-17 Assessed Valuation	% of Total (1)
1.	RT Rocket Road LLC	Industrial	$ 47,361,412	0.54%
2.	M and A Gabaee	Commercial	46,354,464	0.53
3.	BSP Zelman Hawthorne LLC	Industrial	43,616,432	0.50
4.	2 La Cienega Inc.	Hotel	40,208,992	0.46
5.	Ocenagate Property LLC	Shopping Center	36,054,419	0.41
6.	Edward J. Jenkins	Apartments	32,354,503	0.37
7.	Public Storage	Industrial	28,219,378	0.32
8.	Equity Holdings LLC	Apartments	27,816,122	0.32
9.	CCF PCG Hawthorne LLC	Shopping Center	26,802,599	0.31
10.	9800 La Cienega LLC	Office Building	26,783,371	0.31
11.	Oceangate Properties Inc.	Auto Dealership	23,718,900	0.27
12.	Costco Wholesale Corporation	Commercial	22,079,867	0.25
13.	BTS LP	Apartments	21,812,247	0.25
14.	G6 Hospitality Property LLC	Hotel	19,375,972	0.22
15.	St. Paul Properties Inc.	Industrial	18,403,367	0.21
16.	3719 Canfield Ave. LLC	Industrial	18,212,549	0.21
17.	Arnel Investments LLC	Office Building	18,061,811	0.21
18.	Time Warner Communications	Communications	16,535,874	0.19
19.	Anastasi Construction Co. Inc.	Apartments	16,471,536	0.19
20.	Thomas and Pamela L. Murray, Trustees	Apartments	16,437,595	0.19
			$546,681,410	6.23%

(1) 2016-17 Local Secured Assessed Valuation: $8,776,337,429.
Source: California Municipal Statistics, Inc.

Ad Valorem Property Taxes, Tax Rates, Levies, Collections and Delinquencies

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a "floating lien date"). For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, then a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the Treasurer and Tax Collector of the County (the "Treasurer").

Property taxes on the unsecured roll are currently due as of the January 1 lien date prior to the commencement of a fiscal year and become delinquent, if unpaid, on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements, bank accounts or possessory interests belonging or assessed to the taxpayer.

The County levies and collects all property taxes for property falling within its taxing boundaries.

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Tax Charges and Delinquencies

The County secured roll tax charges and corresponding delinquencies with respect to property located in the Original District for the five-year period from fiscal years 2011-12 through 2015-16 are set forth in the following tables.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
SECURED TAX CHARGES AND DELINQUENCIES
FISCAL YEARS 2011-12 THROUGH 2015-16

Fiscal Year	Secured Tax Charge[(1)]	Amount Delinquent June 30	% Delinquent June 30
2011-12	$14,784,819	$306,829	2.08%
2012-13	15,316,722	273,986	1.79
2013-14	15,877,242	233,024	1.47
2014-15	16,190,296	232,297	1.43
2015-16	16,655,033	235,199	1.41

Fiscal Year	Secured Tax Charge[(2)]	Amount Delinquent June 30	% Delinquent June 30
2011-12	6,271,807	89,559	1.43
2012-13	7,656,947	98,307	1.28
2013-14	5,823,499	70,634	1.21
2014-15	6,703,393	87,214	1.30
2015-16	6,094,066	58,823	0.97

[(1)] 1% General Fund apportionment. Excludes redevelopment agency impounds.
[(2)] District's general obligation bond debt service levy.
Source: California Municipal Statistics, Inc.

Unavailability of Teeter Plan

Certain counties in the State operate under a statutory program entitled "Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds" (the "Teeter Plan"). For those counties operating under the Teeter Plan, local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by such counties. **The County has <u>not</u> adopted the Teeter Plan, and consequently, the Teeter Plan is not available to local taxing entities within the County, such as the Original District. The Original District's receipt of property taxes is therefore subject to delinquencies.**

Tax Rates

The following table sets forth typical tax rates levied in Tax Rate Area 4260 ("TRA 4260") for fiscal years 2011-12 through 2015-16.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
TYPICAL TOTAL TAX RATES (TRA 4260) [1]

	2011-2012	2012-13	2013-14	2014-15	2015-16
General[2]	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
Hawthorne School District	.092521	.112861	.107973	.106196	.101764
Centinela Valley Union High School District[3][4]	.049850	.059061	.043693	.083654	.072406
El Camino Community College District	.016884	.018486	.017498	.017422	.017447
The Metropolitan Water District of Southern California	.003700	.003500	.003500	.003500	.003500
Total Tax Rate[4]	1.162955	1.193908	1.172664	1.210772	1.195117

Source: California Municipal Statistics, Inc.
(1) Within pre-unification boundaries. See APPENDIX A – THE DISTRICT – "Unification of Wiseburn Unified School District" for more information.
(2) 2014-15 assessed valuation of TRA 4260 is $2,719,235,465.
(3) The District receives a portion of this District-wide tax with other overlapping agencies receiving their respective portion.
(4) Reflects tax rate for general obligation bonds.

Certain Existing Obligations

A schedule of the District's changes in long-term debt for the fiscal year ended June 30, 2015, is shown below.

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
General Obligation Bonds[1]	$246,478,199	$12,900,463	$2,049,128	$257,329,534
Certificates of Participation	6,825,000	-	-	6,825,000
Capital Leases	429,024	-	214,512	214,512
Compensated Absences	940,548	-	16,320	924,228
Other Postemployment Benefits	-	33,813	-	33,813
Other General Long-Term Debt	14,114,184	-	1,947,082	12,167,102
Totals	$268,786,955	$12,934,276	$4,227,042	$277,494,189

Source: The District.
(1) Includes unamortized premium.

District Debt

District voters authorized the District to issue $98,000,000 in general obligation bonds at an election held on November 2, 2010 (the "2010 Authorization") and District voters authorized the District to issue $98,000,000 in general obligation bonds at an election held on November 4, 2008 (the "2008 Authorization" and, together with the 2010 Authorization, the "Authorizations"). The 2012 Series B Bonds were issued pursuant to the 2008 Authorization and the 2013 Series B Bonds were issued pursuant to the 2010 Authorization. No additional bonds, other than refunding bonds, may be issued in connection with the Authorizations. All general obligation bonds of the District are issued on parity with one another and with the Bonds. The District has other authorizations of general obligation bonds, as further discussed in APPENDIX A hereto.

Direct and Overlapping Debt

Numerous local agencies which provide public services overlap the District's service area. These local agencies have outstanding debt in the form of general obligation, lease revenue and special assessment bonds. The following table shows the District's estimated direct and overlapping bonded debt as of September 1, 2016. The statement excludes self-supporting revenue bonds, tax allocation bonds and non-bonded capital lease obligations. The District has not reviewed this table and there can be no assurance as to the accuracy of the information contained in the table; inquiries concerning the scope and methodology of procedures carried out to compile the information presented should be directed to California Municipal Statistics, Inc.

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CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT[1]
DIRECT AND OVERLAPPING BONDED INDEBTEDNESS

2016-17 Assessed Valuation: $9,348,684,965

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable[2]	Debt 9/1/16
Los Angeles County Flood Control District	0.693%	$ 87,526
Metropolitan Water District	0.353	327,813
El Camino Community College District	9.260	37,184,396
Centinela Valley Union High School District	**53.454**	**125,834,428**[3]
Hawthorne School District	100.	45,289,311
Lawndale School District	100.	17,425,000
Lennox School District	100.	10,967,974
City of Hawthorne Community Facilities Districts	100.	3,885,000
Los Angeles County Regional Park and Open Space Assessment District	0.679	343,642
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$241,345,090
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	0.679%	$13,569,690
Los Angeles County Superintendent of Schools Certificates of Participation	0.679	48,922
Centinela Valley Union High School District Certificates of Participation	**100.**	**6,825,000**
Hawthorne School District Certificates of Participation	100.	3,490,000
Lennox School District Certificates of Participation	100.	4,905,000
City of Hawthorne General Fund and Pension Obligations	72.310	25,460,245
City of Inglewood General Fund and Pension Obligations	4.427	3,320,839
Los Angeles County Sanitation District No. 5 Authority	9.459	2,606,992
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$60,226,688
OVERLAPPING TAX INCREMENT DEBT:		
Successor Agency to Hawthorne Redevelopment Agency	55.731 - 100.%	$17,061,241
Successor Agency to Inglewood Redevelopment Agency	8.620	11,063,389
Successor Agency to Lawndale Redevelopment Agency	100.	19,015,000
TOTAL OVERLAPPING TAX INCREMENT DEBT		$47,139,630
GROSS COMBINED TOTAL DEBT		$348,711,408[4]

Ratios to 2016-17 Assessed Valuation:
Combined Direct Debt ($6,825,000) 0.08%
Total Direct and Overlapping Tax and Assessment Debt 2.58%
Combined Total Debt..3.73%

Ratios to Redevelopment Incremental Valuation ($1,622,508,247):
Overlapping Tax Increment Debt 2.91%

Source: California Municipal Statistics, Inc.
(1) Excludes property now located within Wiseburn Unified School District.
(2) 2015-16 ratios.
(3) Total amount outstanding is $235,406,945. Based on fiscal year 2015-16 assessed valuations, property within the new Centinela Valley Union High School District boundaries is responsible for 53.454% and property within the new Wiseburn Unified School District boundaries is responsible for 46.546%. Voters within Wiseburn Unified School District boundaries were included within the boundaries of Centinela Valley Union High School District at the time the prior bond elections took place and are therefore being levied the ad valorem tax for the debt service levy of these bonds.
(4) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy (the "Policy") for the Insured Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 27, 2016, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 8, 2016, Moody's published a credit opinion affirming its existing insurance financial strength rating of "A2" (stable outlook) on AGM. AGM can give no assurance as to any further ratings action that Moody's may take.

On December 10, 2015, KBRA issued a financial guaranty surveillance report in which it affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Capitalization of AGM

At June 30, 2016, AGM's policyholders' surplus and contingency reserve were approximately $3,841 million and its net unearned premium reserve was approximately $1,459 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (filed by AGL with the SEC on February 26, 2016);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 (filed by AGL with the SEC on May 5, 2016); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 (filed by AGL with the SEC on August 4, 2016).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIIIA of the California Constitution

Article XIIIA of the California Constitution limits the amount of any *ad valorem* tax on real property to one percent (1%) of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." The full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent (1%) property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full market value on the tax rolls, with tax rates expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Article XIIIB of the California Constitution

Under Article XIIIB of the California State Constitution, state and local government entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriations of moneys which are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Unitary Property

Assembly Bill 454 (Chapter 921, Statutes of 1986) ("AB 454") provides that revenues derived from most utility property assessed by the State Board of Equalization ("Unitary Property") are allocated as follows: (1) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (2) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

California Lottery

In the August 1984 general election, the voters of the State approved a constitutional amendment establishing a California State Lottery (the "State Lottery"), the net revenues (revenues less expenses and prizes) of which shall be used to supplement other moneys allocated to public education. The legislation further requires that the funds shall be used for the education of pupils and students and cannot be used for the acquisition of real property, the construction of facilities or the financing of research.

Allocation of State Lottery net revenues is based upon the average daily attendance of each school and community college district; however, the exact allocation formula may vary from year to year. At this time, the amount of additional revenues that may be generated by the State Lottery in any given year cannot be predicted.

Proposition 46

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIIIA. Under this amendment to Article XIIIA, local governments and school and community college districts may increase the property tax rate above 1% for the period necessary to retire new, general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Proposition 39

On November 7, 2000, California voters approved Proposition 39, called the "Smaller Classes, Safer Schools and Financial Accountability Act" ("Proposition 39") which amends Section 1 of

Article XIIIA, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code and allows an alternative means of seeking voter approval for bonded indebtedness by 55% of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The 55% voter requirement applies only if the bond measure submitted to the voters includes, among other items: (1) a restriction that the proceeds of the bonds may be used for "the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities," (2) a list of projects to be funded and a certification that the school district board has evaluated "safety, class size reduction, and information technology needs in developing that list" and (3) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bond proceeds.

Section 1(b)(3) of Article XIIIA has been added to exempt the one percent (1%) *ad valorem* tax limitation that Section 1(a) of Article XIIIA of the Constitution levies, to pay bonds approved by 55% of the voters, subject to the restrictions explained above.

The California Legislature enacted AB 1908, Chapter 44, which became effective upon passage of Proposition 39 and amends various sections of the Education Code. Under amendments to Section 15268 and 15270 of the Education Code, the following limits on *ad valorem* taxes apply in any single election: (1) for an elementary and high school district, indebtedness shall not exceed $30 per $100,000 of taxable property, (2) for a unified school district, indebtedness shall not exceed $60 per $100,000 of taxable property, and (3) for a community college district, indebtedness shall not exceed $25 per $100,000 of taxable property. Finally, AB 1908 requires that a citizens' oversight committee must be appointed who will review the use of the bond funds and inform the public about their proper usage.

Article XIIIC and XIIID of the California Constitution

On November 5, 1996, an initiative to amend the California Constitution known as the "Right to Vote on Taxes Act" ("Proposition 218") was approved by a majority of California voters. Proposition 218 added Articles XIIIC and XIIID to the State Constitution and requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government, which is defined in Proposition 218 to include counties. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995, and prior to November 6, 1996 shall continue to be imposed only if approved by a majority vote in an election held within two years following November 6, 1996. All local taxes and benefit assessments which may be imposed by public agencies will be defined as "general taxes" (defined as those used for general governmental purposes) or "special taxes" (defined as taxes for a specific purpose even if the revenues flow through the local government's general fund) both of which would require a popular vote. New general taxes require a majority vote and new special taxes require a two-thirds vote. Proposition 218 also extends the initiative power to reducing or repealing local taxes, assessments, fees and charges, regardless of the date such taxes, assessments or fees or charges were imposed, and lowers the number of signatures necessary for the process. In addition, Proposition 218 limits the application of assessments, fees and charges and requires them to be submitted to property owners for approval or rejection, after notice and public hearing.

The District has no power to impose taxes except property taxes associated with a general obligation bond election, following approval by 55% or two-thirds of the District's voters voting on the proposition, depending upon the Article of the Constitution under which it is passed. Proposition 218 significantly reduces the ability of the District to create such special assessment districts. Any assessments, fees or charges levied or imposed by any assessment district created by the District will become subject to the election requirements of Proposition 218 as described above, a more elaborate notice and balloting process and other requirements.

Proposition 218 also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed, and reduces the number of signatures required for the initiative process. This extension of the initiative power to some extent constitutionalizes the March 6, 1995 State Supreme Court decision in *Rossi v. Brown*, which upheld an initiative that repealed a local tax and held that the State constitution does not preclude the repeal, including the prospective repeal, of a tax ordinance by an initiative, as contrasted with the State constitutional prohibition on referendum powers regarding statutes and. ordinances which impose a tax. Generally, the initiative process enables California voters to enact legislation upon obtaining requisite voter approval at a general election. Proposition 218 extends the authority stated in *Rossi v. Brown* by expanding the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6, 1996, and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. Such legal authority could include the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution.

Proposition 218 has no effect upon the District's ability to pursue approval of a general obligation bond issue or a Mello-Roos Community Facilities District bond issue in the future, both of which are already subject to a two-thirds vote, although certain procedures and burdens of proof may be altered slightly. The District is unable to predict the nature of any future challenges to Proposition 218 or the extent to which, if any, Proposition 218 may be held to be unconstitutional.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID and Propositions 98, 46 and 39 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting the District's revenues or their ability to expend revenues.

THE LOS ANGELES COUNTY TREASURY POOL

The Treasurer and Tax Collector (the "Treasurer") of the County of Los Angeles (the "County") manages, in accordance with California Government Code Section 53600 et seq.*, funds deposited with the Treasurer by County school and community college districts, various special districts and some cities. State law generally requires that all moneys of the County, school districts and certain special districts be held in the County's Treasury Pool (the "Treasury Pool") as described below. The composition and value of investments under management in the Treasury Pool vary from time to time, depending on the cash flow needs of the County and the other public agencies invested in the Treasury Pool, the maturity or sale of investments, purchase of new securities and fluctuations in interest rates generally. The Treasurer maintains a website, the address of which is http://ttc.lacounty.gov, on which the Treasurer periodically places information relating to the Treasury Pool. However, the information presented there is not part of this Official Statement, is not incorporated by reference herein and should not be relied upon in making an investment decision with respect to the purchase of Bonds.*

Los Angeles County Pooled Surplus Investments

The Treasurer has the delegated authority to invest funds on deposit in the County treasury (the "Treasury Pool"). As of July 31, 2016, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in billions)
County of Los Angeles and Special Districts	$ 10.012
Schools and Community Colleges	13.303
Discretionary Participants	2.308
Total	$25.623

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	90.999%
Discretionary Participants:	
Independent Public Agencies	7.99
County Bond Proceeds and Repayment Funds	1.02
Total	100.00%

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the County Board of Supervisors ("Board of Supervisors") on an annual basis. The Investment Policy adopted on March 29, 2016, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the "Investment Report") summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated August 31, 2016, the July 31, 2016 book value of the Treasury Pool was approximately $25.623 billion and the corresponding market value was approximately $25.647 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County's outside auditor (the "External Auditor") reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annual accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of July 31, 2016:

Type of Investment	% of Pool
U.S. Government and Agency Obligations	58.31
Certificates of Deposit	16.40
Commercial Paper	24.85
Bankers Acceptances	0.00
Municipal Obligations	0.24
Corporate Notes & Deposit Notes	0.20
Asset Backed Instruments	0.00
Repurchase Agreements	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of July 31, 2016, approximately 36.73% of the investments mature within 60 days, with an average of 592 days to maturity for the entire portfolio.

None of the District, the Financial Advisor, or the Underwriter has made an independent investigation of the investments in the Pool nor have they made any assessment of the current County Investment Policy. The value of the various investments in the Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the Treasury Oversight Committee and the County Board of Supervisors, may change the County Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the Pool will not vary significantly from the values described herein.

LEGAL OPINION

The legal opinion of Nixon Peabody LLP, Bond Counsel to the District ("Bond Counsel"), attesting to the validity of the Bonds, will be supplied to the original purchasers of the Bonds without charge. The form of legal opinion is attached hereto as APPENDIX B. Bond Counsel will receive compensation contingent upon the sale and delivery of the Bonds.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code") imposes certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the Resolution and the Tax and Nonarbitrage Certificate executed by the District in connection with the issuance of the Bonds (the "Tax Certificate"), the District has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District has made certain representations and certifications in the Resolution and the Tax Certificate. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the District described above, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

In rendering these opinions, Bond Counsel has relied upon representations and covenants of the District in the Tax Certificate concerning the property refinanced with Bond proceeds, the investment and use of Bond proceeds and the rebate to the federal government of certain earnings thereon. In addition, Bond Counsel has assumed that all such representations are true and correct and that the District will comply with such covenants. Bond Counsel has expressed no opinion with respect to the exclusion of the interest on the Bonds from gross income under Section 103(a) of the Code in the event that any of such District representations are untrue or the District fails to comply with such covenants, unless such failure to comply is based on the advice or the opinion of Bond Counsel.

State Taxes

Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California under present State law. Bond counsel expresses no opinion as to other state or local tax consequences arising with respect to the Bonds nor as to the taxability of the Bonds or the income therefrom under the laws of any state other than California.

Original Issue Discount

Bond Counsel is further of the opinion that the excess of the principal amount of any maturity of the Bonds over the price at which a substantial amount of such maturity of the Bonds was sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a "Discount Bond" and collectively, the "Discount Bonds") constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium

Bonds sold at prices in excess of their principal amounts are "Premium Bonds." An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters

Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, and individuals seeking to claim the earned income credit. Ownership of the Bonds may also result in other federal tax consequences to taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Bonds is subject to information reporting to the Internal Revenue Service ("IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinion attached as APPENDIX B. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Bonds for federal or state income tax purposes, and thus on the value or marketability of the Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Bonds from gross income for federal or state income tax purposes, or otherwise. We note that each year since 2011, President Obama released legislative proposals that would limit the extent of the exclusion from gross income of interest on obligations of states and political subdivisions under Section 103 of the Code (including the Bonds) for taxpayers whose income exceeds certain thresholds. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Bonds may occur. Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any change in law on the Bonds. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Bonds may affect the tax status of interest on the Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

LEGAL MATTERS

Continuing Disclosure

The District will covenant in its Continuing Disclosure Undertaking to be executed on the date of delivery of the Bonds (the “Continuing Disclosure Undertaking”), to file annual reports and notices of certain listed events (“Listed Events”) with the Municipal Securities Rulemaking Board not later than nine months after the end of the District’s fiscal year (currently ending June 30), commencing with the report for the Fiscal Year ended June 30, 2016. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as amended (the “Rule”). The District’s obligations under the Continuing Disclosure Undertaking with respect to continuing disclosure shall terminate upon payment in full of the Bonds. If such termination occurs or is deemed to occur prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event. The District regularly prepares a variety of reports, including audits, budgets and related documents. Any Owner of a Bond may obtain a copy of any such report, as available, from the District. The specific nature of the annual reports and notices of Listed Events respecting the Bonds is contained in APPENDIX D – “FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

The District has previously entered into a number of undertakings to provide continuing disclosure (the “Previous Undertakings”). In the last five years, the District has timely filed all reports required by its previous undertakings with regard to the Rule. However, the District’s reports for fiscal years 2011-12, 2012-13, and 2014-15 were missing certain information required pursuant to its undertaking for its Certificates of Participation (2012 Capital Projects), Series A and Taxable Series B. The District has since provided such missing information. The District also failed to file timely notices with respect to changes in the ratings of certain of its debt resulting from changes in ratings to the bond insurers which insured such obligations. As the District’s audited financial statements for Fiscal Year 2014-15 were not available by the filing deadline, the District provided unaudited financial statements for such fiscal year at that time. The District’s audited financial statements for fiscal year 2014-15 are attached hereto as APPENDIX C. Identification of the above-described events does not constitute a representation that any such events were material.

Limitation on Remedies; Amounts Held in the County Treasury Pool

The opinion of Bond Counsel, the proposed form of which is attached hereto as APPENDIX B, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor’s rights. The rights of the owners of the Bonds are subject to certain limitations. Enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the District, are limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against school and community college districts in the State. Bankruptcy proceedings, if initiated, could subject the beneficial owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Under Chapter 9 of the Federal Bankruptcy Code (Title 11, United States Code) (the “Bankruptcy Code”), which governs the bankruptcy proceedings for public agencies, no involuntary petitions for bankruptcy relief are permitted. While current State law precludes school districts from voluntarily seeking bankruptcy relief under Chapter 9 of the Bankruptcy Code without the concurrence of the State, such concurrence could be granted or State law could be amended.

California Senate Bill 222

On July 13, 2015, the Governor signed Senate Bill 222 ("SB 222") into law, effective January 1, 2016. SB 222 was introduced on February 12, 2015, initially to amend Section 15251 of the California Education Code to clarify the process of lien perfection for general obligation bonds issued by or on behalf of California school and community college districts. Subsequently, on April 15, 2015, SB 222 was amended to include an addition to the California Government Code to similarly clarify the process of lien perfection for general obligation bonds issued by cities, counties, authorities and special districts, including the District.

SB 222, applicable to general obligations bonds issued after its effective date, removes the extra step between (a) the issuance of general obligation bonds by cities, counties, cities and counties, school districts, community college districts, authorities and special districts; and (b) the imposition of a lien on the future *ad valorem* property taxes that are the source of repayment of the general obligation bonds. By clarifying that the lien created with each general obligation bond issuance is a "statutory" lien (consistent with bankruptcy statutory law and case precedent), SB 222, while it does not prevent default, should reduce the ultimate bankruptcy risk of non-recovery on local general obligation bonds, and thus potentially improve ratings, interest rates and bond cost of issuance.

Special Revenues

If the District were to become a debtor in a Chapter 9 proceeding, because the Bonds are for the financing of specific capital projects and are supported by a consensual lien on *ad valorem* property taxes that are use-restricted to the repayment of the Bonds, the District believes that those taxes are "special revenues" as defined in the Bankruptcy Code, and thus there is a special revenue lien in favor of owners of the Bonds in addition to, and separate and independent of, the statutory lien created by SB 222. In comparison to other consensual pledges and liens arising by agreement (that are all made ineffective post-bankruptcy by Section 552 of the Bankruptcy Code), special revenues acquired by a municipality during a Chapter 9 case will remain subject to the lien that arose from the security agreement entered into prior to the beginning of the case, and will survive the conclusion of the Chapter 9 proceeding. In addition, the automatic stay arising upon the filing of the bankruptcy petition does not stay the application of those special revenues to payment of the bonds secured by such special revenues. Thus, regularly scheduled payments of principal of and interest to Owners of the Bonds likely would continue under 11 U.S.C. §922(d) throughout any bankruptcy proceeding.

Based on the foregoing, if the District were to become a debtor in a Chapter 9 proceeding, the District believes that: the *ad valorem* property taxes could not be used for any other purpose other than repayment of the Bonds; the *ad valorem* property taxes should be determined to be special revenues in a Chapter 9 proceeding, and thus Owners of the Bonds would ordinarily continue to be paid post-petition; and the *ad valorem* property taxes are also protected by a statutory lien in favor of the bondholders. It should be noted, however, that it is possible – in the context of confirming a Plan of Adjustment (the "Plan") in a Chapter 9 case where the Plan has not received the requisite consent of the holders of the Bonds – a bankruptcy court may confirm a Plan that adjusts the timing of payments on the Bonds or the interest rate or other terms of the Bonds provided that (a) the Bondholders retain their lien on the revenues subject to the statutory and/or special revenues lien, (b) the payment stream has a present value equal to the value of the revenues subject to the lien(s) and (c) the bankruptcy court finds that these and any other adjustments to the Bonds' terms are fair and equitable.

The Resolution and the Act require the County to annually levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of and premium, if any, and interest on the Bonds. The County on behalf of the District is thus expected to be in possession of the annual *ad valorem* taxes and certain funds to repay the Bonds and may invest these funds in the County's Investment Pool, as described in "THE LOS ANGELES COUNTY TREASURY POOL" herein. In the event the District or the County were to go into bankruptcy, a federal bankruptcy court might hold that the Owners of the Bonds are unsecured creditors with respect to any funds received by the District or the County prior to the bankruptcy, where such amounts are deposited into the County Treasury Pool, and such amounts may not be available for payment of the principal of and interest on the Bonds unless the Owners of the Bonds can "trace" those funds. There can be no assurance that the Owners could successfully so "trace" such taxes on deposit in the Debt Service Fund where such amounts are invested in the County Treasury Pool. Under any such circumstances, there could be delays or reductions in payments on the Bonds.

LEGALITY FOR INVESTMENT

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the investing bank, are prudent for the investment of funds of depositors. Under provisions of the California Government Code, the Bonds are eligible to secure deposits of public moneys in California.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign a rating of "AA" to the Insured Bonds based upon the issuance of the Policy by AGM at the time of delivery of the Bonds, and has assigned an underlying rating of "AA-" with a negative outlook to the Bonds. This rating reflects only the view of S&P, and any explanation of the significance of such rating may be obtained only from S&P, at the following addresses: S&P, 55 Water Street, New York, New York 10041, telephone: (212) 438-2000. The District furnished such ratings agency with certain information and materials relating to the Bonds that have not been included in this Official Statement. Generally, a rating agency bases its ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agency. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Neither the District nor the Underwriter has undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed revision or withdrawal of a rating of the Bonds, or to oppose any such proposed revision or withdrawal. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

Cabrera Capital Markets, LLC (the "Underwriter") has agreed to purchase (i) the 2016 Series B Bonds at the purchase price of $90,194,669.10 (reflecting the aggregate principal amount of $87,255,000.00, plus a net original issue premium of $3,288,689.10 and less an Underwriter's discount of $349,020.00) at the rates and yields shown on the inside cover hereof and (ii) the 2016 Series C Bonds at the purchase price of $56,822,606.40 (reflecting the aggregate principal amount of $52,345,000.00, plus a net original issue premium of $4,686,986.40 and less an Underwriter's discount of $209,380.00) at the rates and yields shown on the inside cover hereof.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page. The Underwriter may offer and sell the Bonds to certain dealers and others at prices or yields different from the initial public offering prices or yields stated on the inside cover page of this Official Statement. The initial public offering prices or yields may be changed from time to time by the Underwriter.

LITIGATION

Certain matters are presently in dispute between the District and the former Superintendent, however the District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* taxes or to collect other revenues or contesting the District's ability to issue the Bonds.

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OTHER INFORMATION

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made such documents and reports for full and complete statements of the contents thereof. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District and the Resolution may be obtained by contacting the Centinela Valley Union High School District, 14901 South Inglewood Avenue, Lawndale, California 90260; telephone: (310) 263-3200, and, following delivery of the Bonds will be on file at the corporate trust office of the Paying Agent. The District may impose a fee for copying, shipping and handling. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not be construed as a contract or agreement between the District and the purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the District

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT

By: /s/ Ron Hacker
Assistant Superintendent, Business Services

APPENDIX A

THE DISTRICT

Prospective purchasers of the Bonds should be aware that the following discussion of the financial condition of the Centinela Valley Union High School District (the "District"), its fund balances, budgets and obligations, is intended as general information only, and no implication is made that the payment of principal of, or interest on the Bonds is dependent in any way upon the District's financial condition. The District relies on the County Treasurer and Tax Collector's Office for the collection of the ad valorem *tax revenues and on the County Auditor's Office for the payment of the debt service on the Bonds utilizing the funds collected by Los Angeles County (the "County"). The County provides information for the District to include in its general ledger, State Reports and Annual Financial Statements. Pursuant to the Education Code, all tax revenues collected for payment of debt service on the Bonds must be deposited into the Debt Service Fund of the District. The Bonds are and will continue to be payable solely from* ad valorem *taxes levied and collected by the County on taxable property within the boundaries of the District.*

This APPENDIX A provides information concerning the operations and finances of the District. The Bonds are general obligation bonds of the District, secured and payable solely from ad valorem *taxes assessed on taxable properties within the District. The Bonds are not an obligation of the County, the State of California the State or any of its other political subdivisions or of the General Fund (as defined herein) of the District. See "SECURITY AND SOURCES OF REPAYMENT FOR THE BONDS — Direct and Overlapping Debt" in the body of this Official Statement for information concerning the outstanding general obligation bonds payable from* ad valorem *taxes on a parity with the Bonds.*

General

The District is located in the western section of the County in the State and includes virtually all of the City of Lawndale, a portion of the City of Hawthorne, a small portion of the City of El Segundo, and an unincorporated territory in the community of Lennox, which includes residential and industrial areas. The District serves a population of approximately 168,166 residents. The District was formed in 1905 as the Inglewood Union High School District and became the Centinela Valley Union High School District in 1944. The District currently operates three comprehensive high schools, a continuation school, an independent study school, a community day school, and an adult school. In addition, as of April 1, 2016, there were two charter schools that were chartered by the District, and five other fiscally independent charter schools that were high schools within the District's boundaries. Prior to July 1, 2014, the District included a portion of Wiseburn School District, as discussed in more detail under "–Unification of Wiseburn School District" below.

The District is governed by a five-member Board of Education (the "Board") elected by voters of the District to serve alternating four-year terms. The members are elected to four-year terms in alternate slates of two and three and elections are held every two years. Each December, the District Board elects a President, Vice-President and Clerk to serve one-year terms. Current members of the District Board, together with their office and the date their term expires, are listed below:

Member	Term Ending
Hugo M. Rojas, President	December 2017
Gloria A. Ramos, Vice-President	December 2019
Rocio C. Pizano, Clerk	December 2017
Daniel Urrutia, Member	December 2019
Marisela Ruiz, Member	December 2017

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District.

Key Personnel

Gregory O'Brien, Ph.D., Superintendent. Dr. Gregory O'Brien has served as the Superintendent of the District since April 1, 2015. For the past 20 years, he has worked successfully with students, parents, and staff as a teacher, district program specialist, principal, and district administrator. Born and raised in Minnesota, Dr. O'Brien attended college in Argentina and Spain, graduating from the University of Minnesota with a Bachelor of Arts in Spanish with a minor in Math/Chemistry. Later, he attended seminary in Missouri, and completed a Master of Arts in Intercultural Communications as well as a Master of Divinity. In 2010, he completed his Ph.D. from the University of California at Riverside. Dr. O'Brien has had the opportunity to teacher almost every grade, from pre-school through grade 12.

Ron Hacker, Assistant Superintendent, Business Services. Mr. Hacker has served in the Assistant Superintendent role for the District since December 2011, after serving as the District's Business Services Administrator. Mr. Hacker has been with the District since 2008 and has worked in School Business and School Food Services since 2002. Mr. Hacker received his Bachelor's of Arts degree in English from the University of California, Los Angeles, and completed the School Business Management Program at University of Southern California's Rossier School of Education in 2007.

Unification of Wiseburn Unified School District

Prior to July 1, 2014, Wiseburn Unified School District ("Wiseburn") (formerly known as Wiseburn School District) was a "feeder" elementary school district to the District. On November 9, 2001, Wiseburn submitted a petition to the Los Angeles County Office of Education ("LACOE") proposing that Wiseburn become a unified school district, the result of which would permit Wiseburn students to attend high schools within Wiseburn instead of the District. The potential effects of Wiseburn's original unification effort were projected to include a decrease of the District's assessed valuation of approximately 10%, a reduction of its statutory bonding capacity limit and, because no District high school facilities are located within Wiseburn territory, none of the District's bonded indebtedness could be reallocated to Wiseburn's taxpayers. LACOE recommended approval of Wiseburn's petition on the condition that the election on Wiseburn's petition extend to all of the registered voters within the District. Wiseburn's petition was approved by the California Department of Education (the "CDE"), subject to a reallocation of a portion of the District's bonded indebtedness to taxpayers within Wiseburn. Also, contrary to LACOE's initial recommendation, the State Board of Education (the "State Board") ordered that the election to consider Wiseburn's petition be restricted to registered voters within Wiseburn.

Following litigation instituted by several school districts, including the District, the State Board concluded that questions had been raised about the sufficiency of the public notice preceding its prior decision and compliance with State environmental laws. At a hearing held in January 2005, the State Board rescinded its decision concerning Wiseburn's petition. A draft environmental study regarding the potential impact of Wiseburn's petition was released in July 2008 and finalized in December 2009 (the "2009 Environmental Impact Report"). Wiseburn's petition was scheduled to be heard again by the State Board in May 2010. However, Wiseburn elected to remove its petition from the State Board agenda. The issue was tabled to explore a "regional solution" that could benefit all parties.

In May 2012, the District, Wiseburn, and three other feeder elementary school districts reached an agreement not to oppose the Wiseburn unification. Legislation (SB 477) signed by Governor Brown on September 28, 2012, ensured that taxable property located within the reorganized Wiseburn Unified School District will continue to be subject to the *ad valorem* property tax associated with general obligation bonds of the District authorized at elections prior to January 1, 2012, including the Bonds. In April 2012, the District and Wiseburn reached a separate agreement that allows for the creation of a School Facilities Improvement District to maintain the District's tax base in the commercial portions of Wiseburn. Wiseburn residents will not pay future bonds of the District authorized after January 1, 2012, and Wiseburn forfeited its grades 9-12 portion of the commercial tax base in Wiseburn after unification. The net effect of these agreements is that the reduction in statutory bonding capacity limit for the District has been minimized; this reduction is now only 0.12%.

Pursuant to Section 35585 of the California Education Code, voters approved Wiseburn's unification by more than the required majority at an election held on November 5, 2013. Unification went into effect on July 1, 2014. Regardless of the Wiseburn unification, the District expects that there will be sufficient *ad valorem* property tax revenues to pay the principal of and interest on the Bonds and all of its other outstanding general obligation bonds.

District Employees

In fiscal year 2015-16, the District employs approximately 380 full-time equivalent certificated academic professionals as well as 277 full-time equivalent classified employees.

The certificated employees of the District have assigned the Centinela Valley Secondary Teachers' Association ("CVSTA") as their exclusive bargaining agent. The certificated employees' contract with CVSTA expires on June 30, 2017. Classified employees are represented by California School Employees Association ("CSEA"). The classified employees' contract with CSEA also expires on June 30, 2017.

Budgets of District

The fiscal year of the District begins on the first day of July of each year and ends on the 30th day of June of the following year. The District adopts on or before July 1 of each year a fiscal line-item budget setting forth expenditures in priority sequence so that appropriations during the fiscal year can be adjusted if revenues do not meet projections.

The District is required by provisions of the California Education Code (the "Education Code") to maintain a balanced budget each year, where the sum of expenditures plus the ending fund balance cannot exceed the revenues plus the carry-over fund balance from the previous year.

District Investments

The Treasurer and Tax Collector of the County (the "Treasurer") manages, in accordance with California Government Code Section 53600 *et seq.*, funds deposited with the Treasurer by school and community college districts located in the County, various special districts, and some cities within the State of California. State law generally requires that all moneys of the County, school and community college districts and certain special districts located in the County be held in the County's Treasury Pool.

The composition and value of investments under management in the Treasury Pool vary from time to time depending on cash flow needs of the County and public agencies invested in the pool, maturity or sale of investments, purchase of new securities, and due to fluctuations in interest rates generally.

For a further discussion of the County's Treasury Pool, see the body of this Official Statement under the caption "THE LOS ANGELES COUNTY TREASURY POOL."

Financial Statements of the District

The District's financial statements are prepared on a modified accrual basis of accounting in accordance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board.

The General Fund of the District, as shown herein, is a combined fund comprised of moneys which are unrestricted and available to finance the legally authorized activities of the District not financed by restricted funds and moneys which are restricted to specific types of programs or purposes. General Fund revenues shown thereon are derived from such sources as taxes, aid from other government agencies, charges for current services and other revenue.

The information in the following tables, concerning the operations and finances of the District is not intended to and does not suggest that the Bonds are secured by the general revenues or General Fund of the District, nor is the County obligated in any way with respect to the Bonds. The Bonds are general obligation bonds of the District, secured and payable solely from *ad valorem* property taxes collected against taxable properties within the boundaries of the District. Prospective purchasers of the Bonds should be aware that the following discussion of the District's financial condition, its fund balances, budgets and other obligations is intended as general information only, and no implication is made the payment of principal of or interest on the Bonds is dependent in any way upon the District's financial condition. The District neither receives nor accounts for *ad valorem* property taxes collected by the County to pay debt service on the Bonds. Pursuant to Section 15241 of the Education Code, all tax revenues collected for payment of debt service on general obligation bonds, including the Bonds, must be deposited into the debt service fund of the District maintained within the County Treasury Pool. See the body of this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

The District's General Fund finances the legally authorized activities of the District for which restricted funds are not provided. General Fund revenues are derived from such sources as State of California (the "State") fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District has not requested its auditor to provide any review or update of such financial statements in connection with their inclusion in this Official Statement. The financial statements included herein were prepared by the District using information from the Annual Financial Reports which are prepared by the District and audited by independent certified public accountants each year. Certain information from the District's financial statements follows. The District's audited financial statements for fiscal year 2014-15 are attached hereto as APPENDIX C.

The District Board adopted the District's budget for Fiscal Year 2016-17 on June 28, 2016 (the "Fiscal Year 2016-17 District Budget").The Fiscal Year 2016-17 District Budget projected a General Fund beginning balance of approximately $6,346,463 million, revenues of $90,362,775 million, total estimated expenditures of $90,014,958 million and an ending balance of $6,623,668 million.

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General Fund

The following table describes the District's audited financial results for the General Fund for fiscal years 2011-12 through 2014-15 and unaudited financial results for fiscal year 2015-16.

	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16[4]
REVENUES					
Revenue Limit/LCFF Sources	$39,360,436	$40,105,076	$55,647,804	$59,286,172	$67,428,516
Federal Revenue	5,072,350	4,529,863	4,908,602	4,673,049	5,857,686
Other State Revenue	17,339,096	17,289,544	6,878,458	20,930,201	19,949,494
Other Local Revenue	2,120,231	1,824,565	6,118,298	6,044,399	6,077,941
TOTAL REVENUES[1]	$63,892,113	$63,749,048	$73,596,708	$90,933,821	$99,313,637
EXPENDITURES					
Instruction	$35,433,458	$33,582,060	$39,381,440	$45,852,927	$45,621,080
Instruction–Related Services	7,747,094	6,303,735	7,539,397	9,072,314	9,718,893
Pupil Services	5,199,550	5,026,054	5,945,611	6,845,164	6,521,386
Ancillary Services	135,906	165,076	615,070	360,871	996,723
General Administration	6,863,642	6,600,074	6,839,256	6,352,072	6,511,625
Plant Services	7,281,942	12,103,834	8,259,489	9,758,714	11,202,041
Facility Acquisition and Construction	73,219	–	61,742	75,253	
Transfers to Other Agencies	3,258,643	3,611,256	2,428,001	3,845,503	4,126,139
Debt Service - Principal	–	214,512	784,836	–	
Debt Service – Interest/Other	88,311	181,988	202,346	413,434	484,347
TOTAL EXPENDITURES[1]	$66,081,765	$67,788,589	$72,057,188	$82,576,252	$85,182,234
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (2,189,652)	$ (4,039,541)	$ 1,539,520	$ 8,357,252	$14,131,402
OTHER FINANCING SOURCES (USES)					
Transfers In	$ –	$ –[3]	$ 243,500	$ 278,688	
Transfers Out	(443,783)	–[3]	(234,500)	(14,878,069)	(9,899,713)
Other Uses	–[2]	(910,000)	–	(186,807)	
Other Sources	–	6,980,000	–	–	
TOTAL OTHER FINANCING SOURCES (USES)[1]	$ (443,783)	$ (6,070,000)	$ 0	$(14,786,188)	$(9,899,713)
NET CHANGE IN FUND BALANCES	$(2,633,435)	$2,030,459	$ 1,593,520	$(6,428,619)	$ 4,231,690
FUND BALANCE, JULY 1	$10,075,832	$7,442,397	$ 9,122,856	$10,465,661	$ 5,081,727
Adjustment	–	(350,000)	(196,715)	–	(473,972)
FUND BALANCE, JUNE 30	$ 7,442,397	$9,122,856	$10,465,661	$ 4,037,042	$ 8,839,444

[1] Totals may not equal sum of components due to rounding.
[2] The General Fund beginning balance as of July 1, 2010 reflects an upward restatement of $1,699,967 in accordance with GASB 54 (defined herein) which recognizes certain funds as special revenue fund types. Accordingly, the fund balances are consolidated with the General Fund.
[3] Not reported.
[4] Unaudited.
Source: The District.

The following table compares the District's adopted budgets to audited actuals for fiscal years 2013-14 through 2014-15. It also compares the District's adopted budget for fiscal year 2016-17 to the projected year totals from the District's unaudited actuals for fiscal year 2015-16. See APPENDIX C for the District's financial statements for fiscal year 2014-15.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
COMPARISON OF ADOPTED BUDGETS AND ACTUALS[1]

	2013-14 Adopted Budget	2013-14 Audited Actuals	2014-15 Adopted Budget	2014-15 Audited Actuals	2015-16 Adopted Budget[2]	2015-16 Unaudited Actuals[3]	2016-17 Adopted Budget
REVENUES							
Revenue Limit/LCFF Sources	$40,426,648[1]	$55,295,959	$59,989,043	$59,286,172	$67,384,960	$67,428,516	$71,044,637
Federal Sources	3,808,981	4,346,582	4,507,040	4,673,049	5,337,849	5,857,686	5,209,963
Other State Sources	17,012,749	6,759,445	4,613,650	20,930,201	8,728,562	19,949,494	8,812,900
Other Local Sources	4,907,599	5,530,360	4,625,494	6,022,117	4,978,300	6,077,941	5,295,274
TOTAL REVENUES[1]	$66,157,978	$71,932,346	$73,735,227	$90,911,539	$86,429,671	$99,313,637	$90,362,775
EXPENDITURES							
Certificated Salaries	$28,980,205	$31,319,854	$32,481,316	$35,224,118	$35,368,341	$35,136,384	$37,005,367
Classified Salaries	10,308,116	10,694,650	11,839,317	12,714,583	13,792,828	13,480,210	14,297,159
Employee Benefits	11,263,988	12,225,507	13,598,788	14,639,923	15,529,005	15,582,446	17,088,182
Books & Supplies	3,687,630	4,310,952	3,449,290	3,398,719	3,570,431	3,338,236	4,349,564
Services & Other Operating Expenses	11,798,904	13,676,723	10,916,132	11,622,244	12,663,047	12,319,424	12,895,299
Capital Outlay	99,000	667,437	165,000	531,223	941,400	1,138,307	246,588
Other Outgo	4,348,421	4,082,666	3,482,201	4,228,942	3,243,709	4,430,734	4,357,885
Transfers of Direct Support/Indirect Costs	(172,149)	(172,149)	(256,887)	(229,809)	(220,305)	(243,507)	(225,086)
TOTAL EXPENDITURES[1]	$70,314,115	$76,805,640	$75,675,157	$82,129,943	$84,888,456	$85,182,235	$90,014,958
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (4,156,138)	$ (4,873,294)	$(1,939,930)	$8,781,596	$1,541,215	$14,131,402	$347,817
OTHER FINANCING SOURCES/(USES)							
Operating Transfers In	$ –	$ –	$ –	$ –	$ –	–	$ –
Operating Transfers Out	(264,500)	(241,500)	–	(14,878,069)	–	(9,899,713)	70,611
Contributions	–	–	–	(186,807)	11,166,046	–	(1)
TOTAL OTHER FINANCING SOURCES/(USES)[1]	$ (264,000)	$ (241,500)	$	$(15,064,876)	$11,166,046	$(9,899,713)	$(70,612)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER SOURCES (USES)	$ (4,420,638)	$(5,114,794)	$(1,939,930)	$(6,283,280)	$720,030	$4,231,690	$ 347,817
Fund Balance as of July 1	$ 8,501,608	$8,501,608	$11,178,197	$10,268,198	$6,710,121	$5,081,727	$6,346,463
Adjustment	–	1,083,286	–	–	–	(473,972)	–
Fund Balance as of July 1, as restated	$ 8,501,608	$9,584,894	$11,178,197	$10,268,198	$6,710,121	$4,607,755	$6,346,463
Fund Balance as of June 30	$ 4,080,971	$4,470,100	$ 9,238,267	$ 3,984,918	$7,430,151	$8,839,444	$6,623,668

(1) Totals may not add due to rounding.
(2) The District's fiscal year 2013-14 adopted budget did not assume implementation of the LCFF (defined below). Fiscal year 2013-14 unaudited actuals recognize LCFF sources.
(3) Projected.
Source: The District.

Retirement System

General. The District currently participates in the California State Teachers' Retirement System ("CalSTRS") and the California Public Employees' Retirement System ("CalPERS"). For additional information regarding the District's pension and retiree health care programs and costs, see the District's financial statements for fiscal year 2014-15 contained in APPENDIX B hereto.

Both CalPERS and CalSTRS are operated on a statewide basis and, based on publicly available information, both CalSTRS and CalPERS have unfunded liabilities. Additional funding of CalSTRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282. The amounts of the pension/award benefit obligation (CalPERS) or unfunded actuarially accrued liability (CalPERS and CalSTRS) will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution.

The information set forth below regarding CalSTRS and CalPERS has been obtained from publicly available sources and has not been independently verified by the District, the Underwriter or the Financial Advisor, is not guaranteed as to the accuracy or completeness of the information and is not to be construed as a representation by the District, the Underwriter or the Financial Advisor. Furthermore, the summary data below should not be read as current or definitive, as recent gains or losses on investments made by the retirement systems generally may have changed the unfunded actuarial accrued liabilities stated below.

California State Teachers' Retirement System. CalSTRS is a defined benefit plan that covers all full-time certificated District employees and some classified District employees, which are District employees employed in a position that does not require a teaching credential from the State.

CalSTRS is operated on a Statewide basis and, based on publicly available information, has substantial unfunded liabilities. Additional funding of CalSTRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282.

In recent years, the combined employer, employee and State contributions to CalSTRS have not been sufficient to pay actuarially required amounts. As a result, and due to significant investments losses, the unfunded actuarial liability of CalSTRS has increased significantly. The District is unable to predict what the CalSTRS program liabilities will be in the future.

The following table sets forth the District's regular annual contributions to CalSTRS for fiscal years 2012-13 through 2015-16, and the District's projected contribution for fiscal year 2016-17. The District has always paid all required CalSTRS annual contributions.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
Annual Regular CalSTRS Contributions
Fiscal Years 2012-13 through 2016-17

Fiscal Year	District Contributions
2012-13	$1,998,846
2013-14	2,439,420
2014-15	3,050,426
2015-16	3,668,744
2016-17[1]	4,156,841

[1] Projected.
Source: The District.

Assembly Bill ("A.B. 1469"), enacted in connection with the adoption of the 2014-15 State Budget, is projected to fund the CalSTRS Defined Benefit Program fully in 32 years through shared contribution increases among the program's three contributors – CalSTRS members, employers and the State. Defined Benefit Program contribution rate increases for all contributing parties will be incrementally phased-in over the next several years, with the first increases having taken effect July 1, 2014. Employer contribution rates, including those of the District, will increase through fiscal year 2020-21 as shown in the following table. Beginning fiscal year 2021-22, employer contribution rates will be set each year by the CalSTRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

		A.B. 1469 Increases	
Effective Date	Prior Rate	Increase	Total
July 1, 2015	8.25%	2.48%	10.73%
July 1, 2016	8.25	4.33	12.58
July 1, 2017	8.25	6.18	14.43
July 1, 2018	8.25	8.03	16.28
July 1, 2019	8.25	9.88	18.13
July 1, 2020	8.25	10.85	19.10

California Public Employees' Retirement System. CalPERS is a defined benefit plan that covers classified personnel who work four or more hours per day. Benefit provisions are established by State legislation in accordance with the Public Employees' Retirement Law. The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make to CalPERS. Accordingly, there can be no assurances that the District's required contributions to CalPERS will not significantly increase in the future above current levels.

Active plan members are required to contribute 7% (miscellaneous) or 9% (safety) of their monthly salary and the District is required to contribute based on an actuarially determined rate. The actuarial methods and assumptions used for determining the rates are based on those adopted by Board of Administration of CalPERS.

The following table sets forth the District's regular annual contributions, inclusive of employee contributions paid by the District, to CalPERS for fiscal years 2012-13 through 2015-16 and the District's projected contribution for fiscal year 2016-17. The District has always paid all required CalPERS annual contributions.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
Annual CalPERS Regular Contributions[1]
Fiscal Years 2012-13 through 2016-17

Fiscal Year	District Contributions
2012-13	$1,238,025
2013-14	1,452,025
2014-15	1,602,054
2015-16[2]	1,511,427
2016-17[3]	1,906,091

(1) Includes Regular Contributions and employee contributions paid by the District and "PERS Recapture." Pursuant to State law, the State is allowed to recapture the savings corresponding to a lower CalPERS rate by reducing a school district's revenue limit apportionment by the amount of the school district's CalPERS savings in that year.
(2) Unaudited.
(3) Projected.
Source: The District.

At the CalPERS Board of Administration (the "BoA") meeting held on February 18, 2014, the BoA adopted new actuarial assumptions that take into account public employees living longer and an asset allocation mix. To assist in preparing and planning for these changes, the BoA adopted staff's recommendation for school districts to first reflect the change in assumptions in fiscal year 2016-17 with the cost spread over twenty years with the increases phased in over the first five years and decreases over the last five years.

CalPERS is operated on a Statewide basis and, based on publicly available information, has major unfunded liabilities. The amounts of the pension/award benefit obligation or unfunded actuarially accrued liability will vary from time to time depending upon actuarial assumptions, and actual rates of return on investments, salary scales, and levels of contribution.

Pension Reform Act of 2013 (Assembly Bill 340). On September 12, 2012, Governor Brown signed AB 340, a bill that will enact the California Public Employees' Pension Reform Act of 2013 ("PEPRA") which amended various sections of the California Education and Government Codes. AB 340 (i) increases the retirement age for new State, school, and city and local agency employees depending on job function, (ii) caps the annual PERS and STRS pension benefit payouts, (iii) addresses abuses of the system, and (iv) requires State, school, and certain city and local agency employees to pay at least half of the costs of their PERS pension benefits. PEPRA will apply to all public employers except the University of California, charter cities and charter counties (except to the extent they contract with PERS.)

The provisions of AB 340 went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on that date and after; existing employees who are members of employee associations, including employee associations of the District, will have a five-year window to negotiate compliance with AB 340 through collective bargaining. If no deal is reached by January 1, 2018, a city, public agency or school district could require employees to pay their half of the costs of PERS pension benefits, up to 8 percent of pay for civil workers and 11 percent or 12 percent for public safety workers.

PERS has predicted that the impact of AB 340 on employers, including the District and other employers in the STRS system, and employees will vary, based on each employer's current level of benefits. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in lower retirement benefits than employees currently earn. Additionally, PERS has noted that AB 340 changes may have an adverse impact on public sector recruitment in areas that have historically experienced recruitment challenges due to higher pay for similar jobs in the private sector.

With respect to STRS, for employees hired after January 1, 2013, members will pay the greater of either (1) at least 50 percent of the cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by current members. The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Public employers will pay at least the normal cost rate, after subtracting the member's contribution. The District is unable to predict the amount of future contributions it will make to STRS as a result of the implementation of AB 340 (being its future contributions for the normal costs of new employees), and as a result of negotiations with its employee associations, or, notwithstanding the adoption of AB 340, resulting from any legislative changes regarding STRS employer contributions that may be adopted in the future.

More information about AB 340 can be accessed through the PERS's web site at www.calpers.ca.gov and through the STRS website at www.calstrs.com. The references to these internet websites are shown for reference and convenience only; the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference.

GASB Statement Nos. 67 and 68. On June 25, 2012, the Governmental Accounting Standards Board ("GASB") approved two new standards with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statement No. 67, Financial Reporting for Pension Plans ("GASB 67"), revised existing guidance for the financial reports of most pension plans. The new Statement No. 68, Accounting and Financial Reporting for Pensions ("GASB 68"), revised and established new financial reporting requirements for most governments that provide their employees with pension benefits. Major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities were previously typically included as notes to the government's financial statements); (ii) more components of full pension costs being shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates being required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements, which generally would increase expenses; and (v) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. GASB 67 became effective beginning in fiscal year 2013-14, and GASB 68 became effective beginning in fiscal year 2014-15. See APPENDIX C — "CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2015" for additional information.

Other Post-Employment Benefits

In addition to employee health care costs, the District provides post-employment health care benefits in accordance with collective bargaining agreements. On June 21, 2004, the Governmental Accounting Standards Board released its Governmental Accounting Standards Board Statement No. 45 - "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" ("GASB 45"). GASB 45 establishes standards for measuring, recognizing and disclosing post-employment healthcare as well as other forms of post-employment benefits, such as life insurance, when provided separately from a pension plan expense or expenditures and related liabilities in the financial reports of state and local governments (such other post-employment benefits are referred to herein as

"OPEB"). Under GASB 45, governments will be required to: (i) measure the cost of benefits, and recognize other post-employment benefits expense, on the accrual basis of accounting in periods that approximate employees' years of service; (ii) provide information about the actuarial liabilities for promised benefits associated with past services and whether, or to what extent, those benefits have been funded; and (iii) provide information useful in assessing potential demands on the employer's future cash flows. The District's post-employment health benefits fall under GASB 45. GASB 45 reporting requirements for the District became effective during fiscal year 2008-09.

The core requirement of GASB 45 is that at least biennially an actuarial analysis must be prepared with respect to projected benefits ("Plan Liabilities"); against this would be measured the actuarially determined value of the related assets (the "Plan Assets"). To the extent that Plan Liabilities exceeded Plan Assets, then similar to the actuarial and accounting practices for pension plan liabilities, the difference would be amortized over a period which could be up to 30 years. The method of financial reporting for OPEB costs would be similar to financial reporting for pension plan normal costs and unfunded actuarial accrued liability. The requirements that GASB 45 imposes on the District only affect the District's financial statements and would not impose any requirements regarding the funding of any OPEB plans.

The District's OPEB consists of postemployment benefits of health, prescription drug, dental, vision and life insurance coverage for retirees; long-term care coverage, life insurance and death benefits that are not offered as part of a pension plan; and long-term disability insurance for employees. Employees who retire from the District may be eligible for OPEB if they have retired from active service prior to July 1, 1993, are 55 years of age or older, and have served at the District for 10 or more years. The District's "Centinela Valley Union High School District GASB 45 Actuarial Valuation Report" respecting fiscal year 2013-14 of the District (the "Postemployment Valuation") states that as of the June 30, 2014 valuation date there were approximately 612 active members and 299 retirees and beneficiaries who met the eligibility requirements for these benefits. The District currently funds these benefits on a pay-as-you-go basis, paying an amount in each fiscal year equal to the benefits distributed or disbursed in that fiscal year.

The principal actuarial assumptions used in the Postemployment Valuation include Actuarial Cost Method: Projected Unit Credit Cost; Amortization Method: Open, Level Dollar; Remaining Amortization Period: 30 years; Discount Rate: 4.0%; Healthcare Rate Increase: 8.00% long-term average increase for all healthcare benefits, which is assumed to trend downward to an ultimate 4.00% increase for 2016 and subsequent years; and Mortality assumptions determined using various projections.

The Postemployment Valuation sets forth the District's actuarial valuation of post-employment medical benefits as of June 30, 2014 for its employees and retirees. The Postemployment Valuation sets forth the liabilities of the post-employment benefit plan based upon Governmental Accounting Standards Board Statement Nos. 43 and 45. As of June 30, 2014, the District had zero assets relating to the cost of providing post-employment benefits. Accordingly, the District's unfunded actuarial accrued liability was $17,162,858. Pursuant to GASB 45, OPEB expense in an amount equal to annual OPEB cost is recognized in government-wide financial statements on an accrual basis. Net OPEB obligations, if any, including amounts associated with under- or over-contributions from governmental funds, are to be displayed as liabilities (or assets) in government-wide financial statements.

The Postemployment Valuation recommended an annual required contribution ("ARC") of $1,506,189. The Postemployment Valuation projects that the District's employer contribution for OPEB for the fiscal year beginning July 1, 2015 would be approximately $1,515,576. The table on the following page sets forth the District's funding of OPEB for fiscal years 2011-12 through 2015-16, and the projected expenditure for OPEB for fiscal year 2016-17.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
Expenditures for Other Post-Employment Benefits
Fiscal Years 2011-12 through 2016-17

Fiscal Year	Amount
2011-12	$923,933
2012-13	1,259,149
2013-14	1,077,770
2014-15	970,443
2015-16[1]	1,515,576
2016-17[2]	1,515,576

(1) Unaudited.
(2) Projected.
Source: The District.

The table below reflects the District's ARC, annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2011-12 through 2015-16, and the projected expenditure for OPEB for fiscal year 2016-17.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
Annual Required Contribution, Annual OPEB Cost and Net OPEB Obligation
Fiscal Years 2011-12 through 2016-17

Fiscal Year ended June 30	Annual Required Contribution	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset/Obligation
2012	N/A	$1,059,584	87%	$147,392
2013	$985,392	987,379	128	419,162
2014	1,452,025	970,443	111	526,489
2015	1,506,189	1,515,576	63	(33,813)
2016[1]	1,506,189	1,515,576	63	33,813
2017[2]	1,506,189	1,515,576	63	33,813

(1) Unaudited.
(2) Estimated.
Source: The District.

The District has reviewed and is expected to continue to review the Postemployment Valuation, in conjunction with the District's obligations under its post-employment benefit plan, to determine, among other things, its course of action with respect to post-employment benefit contributions and what other post-employment benefit liability must be reported. In the opinion of District management, any further increase in the District's unfunded actuarial accrued liability as described in the Postemployment Valuation will not adversely affect the District's ability to pay debt service on its General Fund obligations or general obligation bonds, including the Bonds described in the forepart of this Official Statement, which are payable from *ad valorem* property taxes.

For additional information regarding the District's OPEB, see Note 10 to the District's audited financial statements contained in APPENDIX C attached to this Official Statement. Information regarding the District's OPEB in this APPENDIX C reflects information as of the Postemployment Valuation.

GASB 45 explicitly incorporates Actuarial Standards of Practice ("ASOPs"). There was a recent change to ASOPs No. 6 ("ASOP 6") requiring reflection of "implicit subsidies" in OPEB costs and projections. "Implicit subsidies" refers to an indirect cost sharing feature of OPEB plans. Using unadjusted flat-rate premiums as a cost basis for accounting was previously acceptable under GASB 45 when the health plans are considered "community-rated." Community-rated plans have premium levels determined without adjustment for the demographics of an individual employer buying coverage. Although these subsidies were previously allowed to be excluded, the changes to ASOP 6 eliminated the community-rated exemption. As a result, the District is required to reflect these implicit subsidies in its OPEB liability accounting beginning with fiscal year 2016-17.

Insurance

The District participates in one insurance joint venture under a joint powers agreement with the Alliance of Schools Cooperative Insurance Program ("ASCIP"). ASCIP arranges for and provides for the District's workers' compensation and liability coverage. ASCIP is governed by a board consisting of representatives from member districts. The governing board controls the operations of ASCIP, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the governing board. Member districts share surpluses and deficits proportionally to their participation in ASCIP.

For additional information regarding ASCIP, see Note 13 to the District's financial statements contained in APPENDIX C to this Official Statement.

District Debt

General Obligation Bonds. Pursuant to Sections 15102 and 15268 of the Education Code, the District's bonding capacity for general obligation bonds is 1.25% of taxable property value in the District. The District applied to the CDE for a waiver of Sections 15102 and 15268 of the Education Code and, at the May 2013 meeting, the CDE granted the waiver with the following conditions: (1) the period of the request does not exceed May 9, 2013 to August 1, 2019; (2) the total bond indebtedness limit does not exceed 1.55%; (3) the District does not exceed the statutory tax rate limits; (4) the waiver is limited to the sale of bonds approved by the voters on November 2008; and (5) capital appreciation bonds are not issued subsequent to approval of the waiver if the debt ratio goes above the statutory tax rate limit.

The taxable property value in the District for fiscal year 2016-17 is approximately $9,348,684,965; however, refunding bonds such as the Bonds may be issued without regard to the District bonding capacity. As of August 1, 2016, the District had approximately $246,482,658 million in general obligation bonds outstanding.

The District may not issue general obligation debt without voter approval. The District has issued several series of general obligation bonds pursuant to a $59 million general obligation bond authorization approved by voters in the District in March 2000 (the "Measure C Authorization"). No additional bonds, other than refunding bonds, may be issued in connection with the Measure C Authorization. The District issued its 2002 General Obligation Refunding Bonds, Series A in the aggregate principal amount of $20,105,000 (the "2002 Refunding Bonds") and 2004 General Obligation Refunding Bonds, Series A in the aggregate principal amount of $39,205,000 (the "2004 Refunding Bonds") which refunded all of the then-outstanding bonds issued pursuant to the Measure C Authorization.

A $98 million general obligation bond authorization was approved by voters in November 2008 (the "Measure CV (2008) Authorization"). Prior to the issuance of the Bonds, the District has issued its Election of 2008 General Obligation Bonds, Series A in the aggregate principal amount of $22,995,151 (the "2008 Series A Bonds"), its 2008 Election General Obligation Bonds, 2013 Series B in the aggregate principal amount of $50,000,000 (the "2013 Bonds"), and its 2008 Election General Obligation Bonds, 2014 Series C in the aggregate principal amount of $18,000,000, each pursuant to the Measure CV (2008) Authorization.

The most recent bond authorization for $98 million was approved by the voters in November 2010 (the "Measure CV (2010) Authorization"). In July 2011, the District issued its $25,999,343.60 aggregate principal amount General Obligation Bonds Election of 2010, 2011 Series A pursuant to the Measure CV (2010) Authorization. In May 2012, the District issued its $72,000,323.55 aggregate principal amount General Obligation Bonds Election of 2010, 2012 Series B (the "2012 Series B Bonds") pursuant to the Measure CV (2010) Authorization. In October 2013, the District issued its $50,000,000 aggregate principal amount General Obligation Bonds Election of 2010, 2013 Series C pursuant to the Measure CV (2010) Authorization. In April 2014, the District issued its $7,000,000 aggregate principal amount General Obligation Bonds Election of 2010, 2014 Series D pursuant to the Measure CV (2010) Authorization. In May 2016, the District issued its 2016 General Obligation Refunding Bonds in the aggregate principal amount of $27,165,000 (the "2016 Refunding Bonds") pursuant to the Measure CV (2010) Authorization. No additional bonds, other than refunding bonds, may be issued in connection with the Measure CV (2010) Authorization.

The following table sets forth the general obligation bonds and general obligation refunding bonds issued by the District in connection with the Measure C (2000), Measure CV (2008) and Measure CV (2010) Authorizations prior to the issuance of the Bonds described in the body of this Official Statement.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
Measure C (2000) Authorization, Measure CV (2008) Authorization,
and Measure CV (2010) Authorization

Bonds Issued	Aggregate Principal Amount	Outstanding Amount as of September 1, 2016	Date of Issue
2002 Refunding Bonds	$ 20,105,000.00	$ 12,980,000.00	June 19, 2002
2004 Refunding Bonds	39,205,000.00	28,095,000.00	June 3, 2004
2008 Series A Bonds	22,995,150.70	20,556,129.30	April 14, 2009
2011 Series A Bonds	25,999,343.60	655,491.05	July 21, 2011
2012 Series B Bonds	72,000,323.55[(1)]	71,900,323.55[(1)]	May 31, 2012
2013 Series B Bonds	50,000,000.00[(1)]	49,700,000.00[(1)]	October 31, 2013
2013 Series C Bonds	18,000,000.00	17,730,000.00	April 9, 2014
2014 Series D Bonds	7,000,00.00	7,000,000.00	October 16, 2014
2016 Refunding Bonds	27,165,000.00	26,790,000.00	May 18, 2016
TOTAL	$255,364,817.90	$235,406,943.90	

(1) Includes maturities to be refunded with the proceeds of the Bonds. Prior to the Crossover Date, the portion of the 2012 Series B Bonds being refunded will continue to be an obligation of the District payable from *ad valorem* property taxes. Following the redemption of the 2012 Series B Bonds being refunded on the Crossover Date, the obligation of the County to levy ad valorem property taxes for the payment of the 2012 Series B Bonds will cease.
Source: The District.

Certificates of Participation. The District has issued certificates of participation to finance the cost of the acquisition and improvement of certain school equipment, fixtures, facilities, and land. In December 2012, the District issued tax-exempt certificates of participation in the principal amount of $1,005,000 and taxable certificates of participation in the principal amount of $5,975,000. See APPENDIX C herein for information regarding the balances of these certificates of participation.

Future Financings

The District has issued the entire principal amount of $98 million approved under the Measure CV (2008) Authorization and Measure CV (2010) Authorization and there is no remaining authorization thereunder for the issuance of additional general obligation bonds other than refunding bonds. As described in the text of each of the ballots of Measure CV (2008) and Measure CV (2010), the District Board does not guarantee that the respective bonds authorized and issued under the Measure CV (2008) and Measure CV (2010) Authorizations will provide sufficient funds to allow for the completion of all potential projects listed in connection with said measures. The District may issue refunding bonds to refund outstanding general obligation bonds from time to time, depending on market conditions.

The District may, from time to time, approve funding for additional capital projects through the execution and delivery of certificates of participation. In addition, the District may issue tax and revenue anticipation notes to fund its General Fund in the event it projects shortfalls due to timing differences between receipts and disbursements.

FUNDING OF SCHOOL DISTRICTS IN CALIFORNIA

General

Public school district revenues consist primarily of guaranteed State moneys, *ad valorem* property taxes and funds received from the State and federal government in the form of categorical aid, which are amounts restricted to specific categories of use, under various ongoing programs. All State apportionment ("State Aid") is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the State Legislature to the District.

Historically, the majority of the District's annual General Fund revenues have consisted of payments from or under the control of the State. Payments made to K-12 public schools and public colleges and universities are priority payments for State funds and are expected to be made prior to other State payment obligations. Although the State Constitution protects the priority of payments to K-12 schools, college and universities, it does not protect the timing of such payments and other obligations may be scheduled and have been scheduled to be paid in advance of those dates on which payments to school districts are scheduled to be made.

On June 27, 2013, the State adopted a new method for funding school districts commonly referred to as the "Local Control Funding Formula" (the "LCFF"). The LCFF will be implemented in stages, beginning in fiscal year 2013-14 and will be fully implemented in fiscal year 2020-21. See "– Local Control Funding Formula" below for more information. Prior to adoption of the LCFF, the State used a revenue limit funding system, described below under "– Revenue Limit."

Revenue Limit

School districts in the State have historically received most of their revenues under a formula known as the "revenue limit." Generally, revenue limits were calculated for each school district by multiplying the ADA for such district by a base revenue limit per unit of ADA. Revenue limit calculations were subject to adjustment to provide cost of living adjustments ("COLAs") and to equalize revenues among school districts of the same type. The revenue limit system of funding has been replaced by the LCFF. A description of the revenue limit system is included herein as the District has historically received financial assistance from the State pursuant to this method of appropriations.

Each school district's revenue limit, which was funded by State moneys and local *ad valorem* property taxes from the general 1% *ad valorem* property tax levy, was allocated based on the ADA of each school district for either the current or preceding school year. Generally, State Aid to a school district amounted to the difference between the school district's revenue limit and the school district's local property tax allocation from the general 1% *ad valorem* property tax levy. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein.

Local Control Funding Formula

Effective in fiscal year 2013-14, the State established the LCFF, a new system for funding school districts, charter schools and county offices of education. The LCFF replaces the revenue limit funding system, as well as many categorical programs. The LCFF distributes State resources to schools through a guaranteed base funding grant per unit of ADA (a "Base Grant"). The Base Grants per unit of ADA for each grade span are: (i) $6,845 for grades K-3; (ii) $6,947 for grades 4-6; (iii) $7,154 for grades 7-8; and (iv) $8,289 for grades 9-12. Implementation of the LCFF is expected to take several years, ending in fiscal year 2020-21. An annual transition adjustment is calculated for each school district, equal to such district's proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. Beginning in fiscal year 2014-15, the Base Grants are adjusted for COLAs by applying the implicit price deflator for government goods and services. Following full implementation of the LCFF, the provision of COLAs will be subject to appropriation for such adjustment in the annual State budget.

The Base Grants for grades K-3 are subject to adjustments of 10.4% to cover the costs of class size reduction. Following full implementation of the LCFF, and unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. The Base Grants for grades 9-12 are subject to adjustments of 2.6% for the provision of career technical education.

School districts that serve students of limited English proficiency ("EL" students), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth ("Foster Youth" students) are eligible to receive additional funding grants. Enrollment counts are unduplicated; if the school district has students with both limited English proficiency and eligibility for reduced price meals, for instance, such students will not be duplicated for purposes of determining the additional funding grants. Foster students automatically qualify for free or reduced priced meals. A supplemental grant add-on (each, a "Supplemental Grant") is authorized for school districts that serve EL/LI/Foster Youth students, equal to 20% of the applicable Base Grant multiplied by such districts' percentage of unduplicated EL/LI/Foster Youth student enrollment. School districts whose EL/LI/Foster Youth populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 50% of the applicable Base Grant multiplied by the percentage of such district's unduplicated EL/LI/Foster Youth student enrollment in excess of the 55% threshold. The following table shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment for fiscal years 2013-14 through 2015-16, and projections for fiscal year 2016-17.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2013-14, 2014-15, 2015-16 and Fiscal Year 2016-17 Projections
Centinela Valley Union High School District

		Enrollment[1]	
Fiscal Year	**Total P-2 ADA**	**Total Enrollment**	**% of EL/LI Enrollment**
2013-14	6,072	6,661	92%
2014-15	6,102	6,495	85
2015-16	6,171	6,585	85
2016-17[3]	6,197	6,475	83

(1) As of October report submitted to the California Basic Educational Data System. For purposes of calculating supplemental funding grants, a school district's fiscal year 2014-15 percentage of unduplicated EL/LI students will be expressed solely as a percentage of its total fiscal year 2014-15 total enrollment.
(2) Projected.
Source: The District.

For purposes of calculating Supplemental Grants and Concentration Grants the District's unduplicated EL/LI enrollment was 85% of its total fiscal year 2014-15 enrollment. For fiscal year 2015-16, the District's unduplicated EL/LI enrollment was 85%, which is based on the two-year average of EL/LI enrollment in fiscal years 2014-15 and 2015-16.

The LCFF provides for a permanent economic recovery target ("ERT") add-on for school districts that would have received greater funding levels under the revenue limit system. The ERT is equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. The ERT add-on will be paid incrementally over the implementing period of the LCFF.

The sum of a school district's adjusted Base, Supplemental and Concentration Grants will be multiplied by such district's P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT or categorical block grant add-ons, will yield a district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district's share of applicable local property taxes.

Beginning July 1, 2014, school districts have been required to develop a three-year Local Control and Accountability Plan (each, a "LCAP"). County Superintendent of Schools and the State Superintendent of Public Instruction will review and provide support to the districts and county offices of education under their jurisdiction. In addition, the fiscal year 2013-14 State Budget created the California Collaborative for Education Excellence (the "Collaborative") to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. The State Superintendent of Public Instruction may direct the Collaborative to provide additional assistance to any district, county office, or charter school. For those entities that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent of Public Instruction has authority to make changes to the district or county office's local plan. For charter schools, the charter authorizer will be required to consider revocation of a charter if the Collaborative finds that the inadequate performance is so persistent and acute as to warrant revocation. The State will continue to measure student achievement through statewide assessments, produce an

Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

State Assistance

The District's principal funding formulas and revenue sources are derived from the budget of the State of California. **The following information concerning the State of California's budgets has been obtained from publicly available information which the District believes to be reliable; however, the State has not entered into any contractual commitment with the District, the Underwriter, Bond and Disclosure Counsel or the owners of the Bonds to provide State budget information to the District or the owners of the Bonds. Although they believe the State sources of information listed above are reliable, none of the District, Bond and Disclosure Counsel or the Underwriter assumes any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein. Additional information regarding State budgets is available at various State-maintained websites including www.dof.ca.gov, which website is not incorporated herein by reference.**

Fiscal Year 2016-17 State Budget

On June 27, 2016, the Governor signed the fiscal year 2016-17 State Budget Act (the "2016-17 State Budget"). The 2016-17 State Budget includes general fund revenues in the amount $117 billion for fiscal year 2015-16 and $120.3 billion in fiscal year 2016-17. State general fund expenditures are $115.6 billion for fiscal year 2015-16 and $122.5 billion for fiscal year 2016-17. The 2016-17 State Budget includes a reserve balance of approximately $8.5 billion, comprised of an approximate balance of $1.8 billion in the Special Fund for Economic Uncertainties (the "SFEU") and an approximate balance of $6.7 billion in the Budget Stabilization Account (the "BSA").

The 2016-17 State Budget focuses on preparing the State for the next recession by limiting new ongoing spending obligations and continued contributions to the BSA, bringing the account balance to 54% of the fund's goal. Additionally, it focuses on one-time spending activities, affordable housing, and addressing the impact of the drought. Further, the 2016-17 State Budget reflects an investment in education for K-12 schools with funding levels increased by over $3,600 per student over fiscal year 2011-2012 funding levels. The 2016-17 State Budget provides total funding of $88.3 billion for K-12 education programs.

The 2016-17 State Budget includes Proposition 98 funding of $71.9 billion, representing an increase of $3.5 billion beyond the fiscal year 2015-16 State Budget. When combined with $1.5 billion increases in Proposition 98 in funding in 2014-15 and 2015-16, as well as other one-time savings and adjustments, the 2016-17 State Budget provides a $5.9 billion increased investment in early education. Major adjustments made to education funding in the 2016-17 State Budget include the following:

- Local Control Funding Formula – An increase of more than $2.9 billion Proposition 98 General Fund to continue the State's landmark transition to the Local Control Funding Formula. This formula commits most new funding to districts serving English language learners, students from low-income families, and youth in foster care. This increase will bring the formula to 96 percent of full implementation.

- College Readiness Block Grant – An increase of $200 million one-time Proposition 98 General Fund for grants to school districts and charter schools serving high school students to provide additional services that support access and successful transition to higher education. These funds can be spent over the next three years. Allocation of the funding will be based on the number of students in grades 9 through 12 that are English-learners, low-income, or foster youth, with no school district or charter school receiving less than $75,000. The University of California will work to increase admissions of students who were enrolled in schools in which enrollment of English-learners, low-income students, or foster youth is greater than 75 percent of total enrollment.

- Teacher Workforce -- A combined increase of $35 million one-time General Fund ($10 million non-Proposition 98 and $25 million Proposition 98) to fund several programs aimed at recruiting additional teachers and streamlining teacher preparation programs:
  - Integrated Teacher Preparation Grant Program—An increase of $10 million one-time non-Proposition 98 General Fund for the Integrated Teacher Preparation Grant Program to provide competitive grants to colleges and universities to develop or improve four-year integrated teacher credential programs enabling credential candidates to receive both a teaching credential and a bachelor's degree.
  - Classified School Employees Credentialing Program—An increase of $20 million one-time Proposition 98, available for five years, to establish the California Classified School Employees Credentialing Program, and provide grants to K-12 local educational agencies to support recruitment of non-certificated school employees to participate in a teacher preparation program and become certificated classroom teachers in California public schools.
  - California Center on Teacher Careers—An increase of $5 million one-time Proposition 98 General Fund for a multi-year competitive grant to a local educational agency to establish and operate the California Center on Teaching Careers to recruit qualified and capable individuals to the teaching profession. The center will host a referral database for teachers seeking employment, develop and distribute recruitment publications; conduct outreach activities to high school and college students; provide statewide public service announcements related to teacher recruitment; and provide prospective teachers information on credential requirements, financial aid, and loan assistance programs.
- Charter School Start Up Grants – An increase of $20 million one-time Proposition 98 General Fund to support operational startup costs for new charter schools in 2016 and 2017, which will help offset the loss of federal funding previously available for this purpose. These funds will be available for distribution after all current federal funding for startup costs has been exhausted.
- California Collaborative for Educational Excellence – An increase of $24 million one-time Proposition 98 General Fund for the California Collaborative for Educational Excellence to: (1) support statewide professional development training on use of the evaluation rubrics by local educational agencies, and (2) implement a pilot program to inform the Collaborative's long-term efforts related to advising and assisting local educational agencies in improving pupil outcomes. This funding will build local and state capacity to implement a system of continuous improvement in the eight state priority areas upon which the Local Control Funding Formula is based.

- Multi-Tiered Systems of Support – An increase of $20 million one-time Proposition 98 General Fund to allow local educational agencies to provide services that assist and encourage multi-tiered systems of supports. These services support academic, behavioral, social, and emotional needs and have been successful in improving outcomes for all students. This funding builds upon the $10 million included in the 2014- 15 State Budget, which was awarded to the Orange County Office of Education to develop guidance and supportive services for schools statewide in implementing these systems.

- Restorative Justice Grants – An increase of $18 million one-time Proposition 98 General Fund for truancy and dropout prevention grants, consistent with Proposition 47, the Safe Neighborhoods and School Act.

- Safe Drinking Water in Schools – An increase of $9.5 million one-time Proposition 98 General Fund to create a grant program to improve access to safe drinking water for schools located in isolated and economically disadvantaged areas. The program will be developed and administered by the Water Resources Control Board in consultation with the State Department of Education.

- K-12 Mandates -- An increase of $1.3 billion one-time Proposition 98 General Fund to reimburse K-12 local educational agencies for the costs of state-mandated programs. These funds, combined with previous years' investments, will substantially reduce outstanding mandate debt owed to schools, while providing school districts, county offices of education, and charter schools with discretionary resources to support critical investments at the local level. These funds can be used for activities such as deferred maintenance, professional development, induction for beginning teachers, instructional materials, technology, and the implementation of new educational standards.

Additional Information. Information about the State budget and State spending for education is regularly available at various State-maintained websites. The text of the State budget may be found on the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." Various analyses of the budget may be found at the website of the LAO at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found via the website of the State Treasurer, www.treasurer.ca.gov. The information presented in these websites is not incorporated by reference in this Official Statement.

Future State Budgets. The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address any future budget deficits and cash management practices. Future State budgets will be affected by national and State economic conditions over which the District has no control, and other factors over which the District will have no control. To the extent that the State budget process results in reduced revenues, deferred revenues, or increased expenses for the District, the District will be required to make adjustments to its budget and cash management practices. In the event that current or future State Budgets decrease the District's revenues or increase required expenditures by the District from the levels assumed by the District, the District will be required to generate additional revenues, curtail programs or services, or use its reserve funds to ensure a balanced budget.

District Revenues

The District's general operating fund (the "General Fund") is used to account for the day-to-day operations of the District. The General Fund is divided into two sections: unrestricted and restricted.

Unrestricted revenue may be spent at the District's discretion. Restricted funds are moneys that can only be used for the purposes allowed by the funding agency.

Other State Revenues. Other State Revenues, or categorical funds, consist primarily of restricted revenues that fund specific items, such as new curriculum and technology, special education programs, instructional materials, and mentor teachers.

Common Core Block Grant. Approved in March 7, 2012, by the California State Board of Education, the Common Core State Standards ("Common Core") requires the adoption of new curriculum and the development of technology. The District has developed its own plan for Common Core systems implementation based on local needs and resources.

The 2015-16 State Budget included provisions for block grants toward the implementation of Common Core. The Common Core block grants can be used for professional development for teachers and other employees involved in the direct instruction of students, instructional materials and the integration of standards through technology. In fiscal year 2013-14, the District received $1,333,789 in funding which must be used over a two-year period, and which has been fully expended.

Measure CL. On November 6, 2012, voters in the District, the Lawndale Elementary School District, the Hawthorne School District, the Lennox School District and the Wiseburn Unified School District approved a ballot measure that would levy a parcel tax on certain property located within the boundaries of each of the school districts ("Measure CL"). Pursuant to Measure CL, a parcel tax of 2 cents per square foot for residential and 7.5 cents per square foot of other types of property will be levied, with such amounts to be adjusted upwards annually for inflation. Measure CL is expected to generate approximately $11 million per year in revenue. The District has budgeted $3,700,000 in revenue from Measure CL for fiscal year 2016-17.

Prop 39 Energy Grant. Proposition 39, a voter approved initiative at the November 2012 statewide election, provides for annual transfers from the State General Fund to the Clean Energy Job Creation Fund for a period of five years, 2013-14 through 2017-18. The 2014-15 State Budget appropriated $307 million to K-12 schools with 85 percent of the appropriation to be allocated based on 2013-14 ADA and 15 percent based on 2013-14 free and reduced-priced meals. Proposition 39 funds will be provided to schools to improve energy efficiency and create clean energy jobs. The total estimated funding over the five-year period for the District is $1,079,382, of which the District has already received $726,400.

State Lottery. The District receives a portion of the State Lottery (the "Lottery") revenues. Lottery revenues allocated to the District must be used for the education of students and cannot be used for non-instructional purposes, such as real property acquisition, facility construction, or the financing of research. Lottery net revenues (gross revenues less prizes and administration expenses) are allocated by computing an amount per ADA or full time equivalent ("FTE"). This figure is derived by dividing the total net revenues figures by the total ADA for grades K-12 and by the total FTE for the community colleges, University of California system and the California State University and College system. Each entity receives an amount equal to its total ADA or FTE, as applicable, multiplied by the per ADA or FTE figure. The Lottery revenues were $1,169,249 in fiscal year 2015-16.

Proposition 30

The passage of the Governor's November Tax Initiative ("Proposition 30") on November 6, 2012 resulted in an increase in the State sales tax by a quarter-cent for four years and, for seven years, raises taxes on individuals after their first $250,000 in income and on couples after their first $500,000 in earnings. These increased tax rates affect approximately one percent of California personal income tax filers and will be in effect until the conclusion of the 2018 tax year. The State Office of Legislative Analyst (the "LAO") estimates that, as a result of Proposition 30, additional state tax revenues of about $6 billion annually from fiscal years 2012-13 through 2016-17 will be received by the State with lesser amounts of additional revenue available in fiscal years 2017-18, and 2018-19. Proposition 30 also places into the State Constitution certain requirements related to the transfer of certain State program responsibilities to local governments, mostly counties, including incarcerating certain adult offenders, supervising parolees, and providing substance abuse treatment services.

Proposition 30 will also provide additional tax revenues aimed at balancing the State's budget through fiscal year 2018-19, providing several billion dollars annually through fiscal year 2018-19 available for purposes including funding existing State programs, ending K-14 education payment delays, and paying other State debts. Future actions of the State Legislature and the Governor will determine the use of these funds. According to the LAO, revenues raised by Proposition 30 could be subject to multibillion-dollar swings, above or below the revenues projections, due to the majority of the additional revenue coming from the personal income tax rate increases on upper-income taxpayers. These fluctuations in incomes of upper-income taxpayers will impact potential State revenue and could complicate State budgeting in future years. After the tax increases expire, the loss of the associated tax revenues could create additional budget pressure in subsequent years.

A proposed constitutional amendment, the California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55 ("Proposition 55"), has qualified for addition to the November 8, 2016 general election ballot in California. If Proposition 55 is approved by voters, the current income tax rates on high-earning residents under Proposition 30 would be extended through 2030 – well beyond the slated expiration of these rates at the end of 2018. The revenue generated under Proposition 55 would be allocated to both K-12 schools and community colleges. Sales tax rates under Proposition 30 would remain unaffected. The District can make no predictions or representations as to the success or failure of Proposition 55 on the November ballot.

Cash Management Legislation

Since 2003, the State has engaged in the practice of deferring certain apportionments to school districts in order to manage the State's cash flow. This practice has included deferring certain apportionments within a fiscal year from one month to a subsequent month and deferring certain apportionments from one fiscal year to the next. These "cross-year" deferrals have been codified.

On May 23, 2012, the Governor signed into law Assembly Bill 103 (Chapter 13, Statutes of 2012) ("AB 103") which extended certain provisions of SB 82 into Fiscal Year 2012-13. AB 103 addressed the State's ongoing cash crisis by deferring a variety of K-12 payments within fiscal year 2012-13 and required that fiscal year 2012-13 K-12 payments that would otherwise be made in four separate months be deferred and repaid later in fiscal year 2012-13. Specifically, Government Code Section 16326(a)(2) required that $1.2 billion in K-12 payments be deferred from July 2012, with $700 million paid in September 2012 and $500 million paid in January 2013; $600 million be deferred from August 2012 to January 2013; $800 million be deferred from October 2012 to January 2013; and $900 million be deferred from March 2013 to April 2013.

AB 103 permits schools to apply for an exemption from the July, August, and October 2012 and the March 2013 deferrals. Due to the late enactment of AB 103, the State Department of Finance agreed to accept applications as late as June 15, 2012. The District did not file an application for an exemption. The District cannot fully anticipate future cash management legislation from the State.

Future State Budgets

Under State law, the State Legislature is required to adopt its budget by June 15 of each year for the upcoming fiscal year, with approval by the Governor to occur on or before June 30. Following the implementation of Proposition 25 (permitting State budget passage with a simple majority and mandating forfeiture of legislators' daily salaries until the budget bill passes), the Governor signed the fiscal year 2015-16 State budget on June 24, 2015, the fiscal year 2014-15 State budget on June 20, 2014, and the fiscal year 2013-14 State budget on June 27, 2013. However, the Governor signed the fiscal year 2010-11 State budget on October 8, 2010, the latest budget in the State's history. The District cannot fully anticipate future delays in State budget adoption or their impact. The events leading to the inability of the State Legislature to pass a budget in a timely fashion in fiscal year 2010-11 are not unique, and the District cannot predict what circumstances may cause a similar failure in future years. In each year where the State budget lags adoption of the District's budget, it will be necessary for the District's staff to review the consequences of the changes, if any, at the State level from the proposals in the Governor's May Revision for that year, and determine whether the District's budget will have to be revised.

The State has in past years experienced budgetary difficulties and has balanced its budget by requiring local political subdivisions to fund certain costs theretofore borne by the State. No prediction can be made as to whether the State will take further measures which would, in turn, adversely affect the District. Further State actions taken to address its budgetary difficulties could have the effect of reducing District support indirectly, and the District is unable to predict the nature, extent or effect of such reductions.

The District cannot predict whether the State will encounter budgetary difficulties in the current or future fiscal years. The District also cannot predict the impact future State budgets will have on District finances and operations or what actions the State Legislature and the Governor may take to respond to changing State revenues and expenditures. Current and future State Budgets will be affected by national and State economic conditions and other factors which the District cannot control.

In addition, the District cannot predict the effect that the general economic conditions within the State and the State's budgetary problems may have in the future on District's budgets or operations.

The District cannot predict how State income or State education funding will vary over the term of the Bonds, and the District takes no responsibility for informing owners of the Bonds as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget" or www.ebudget.ca.gov. An impartial analysis of the budget is posted by the LAO at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of information on these websites or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Recent Litigation Regarding State Funding of Education

On May 20, 2010, more than 60 individual students and their respective families, nine California school districts, the California Congress of Parents Teachers & Students, the Association of California School Administrators, and the California School Boards Association filed a complaint for declaratory and injunctive relief, entitled *Maya Robles-Wong, et al. v. State of California, et al.* (the "Robles Complaint") in the Alameda County Superior Court. The Robles Complaint alleges, among other things, that the State's current system of funding public education is not designed to support core education programs and that the State has failed to meet its constitutional duties to maintain and support a system of common schools. The Robles Complaint further alleges that the State's system for funding education is not rationally or demonstrably aligned with the goals and objectives of the State's prescribed educational program, and the costs of ensuring that children of all needs have the opportunity to become proficient in accordance with State academic standards. The Robles Complaint requests that the court enter a permanent injunction to, among other things, require the State to align its school finance system with its prescribed educational program, as well as to direct the defendants to cease operating the existing public school finance system or any other system of public finance that does not meet the requirements of the State Constitution. On January 14, 2011, the Superior Court dismissed major portions of the case, allowing the plaintiffs to proceed only on the question of whether the State's public education funding scheme provides equal opportunities to students throughout the State, but rejecting the claim that the State Constitution mandates an overall qualitative standard for public education. On July 26, 2011, the Superior Court issued a ruling sustaining demurrer to the complaint but granting leave to amend the complaint on or before August 25, 2011. On November 3, 2011, the court dismissed the case.

On July 18, 2011, the California Redevelopment Association, the League of California Cities, and the Cities of Union City and San Jose filed petition for a writ of mandate (the "CRA Petition") with the Supreme Court of California (the "Court") alleging that ABx1 26 and ABx1 27 violate the California Constitution, as amended by Proposition 22. See "– Propositions 1A and 22 – *Prohibitions on Diverting Local Revenues for State Purposes.*" The petitioners alleged, among other things, that ABx1 26 and ABx1 27 seek to divert tax increment revenue illegally from redevelopment agencies by threatening such agencies with dissolution if payments are not made to support the State's obligation to fund education. The CRA Petition was accompanied by an application for a stay, seeking to delay implementation of the provisions of ABx1 26 and ABx1 27 until the claims are adjudicated. On December 29, 2011, the California Supreme Court upheld the legality of ABx1 26, reasoning that the State Legislature has broad powers to establish or dissolve local agencies as it sees fit. The California Supreme Court, however, invalidated ABx1 27 on the grounds that the payments required of redevelopment agencies in order to remain in existence could not be characterized as voluntary, and thus violated Proposition 22.

Significant Accounting Policies and Audited Financial Statements

The California State Department of Education imposes by law uniform financial reporting and budgeting requirements for K-12 school districts. Financial transactions are accounted for in accordance with the California School Accounting Manual. The District uses fund accounting and maintains governmental funds, proprietary funds and fiduciary funds. The District's General Fund is the chief operating fund of the District. Chavan & Associates, LLP, San Jose, California, serves as independent auditor to the District and excerpts of their report for the fiscal year ended June 30, 2015, are attached hereto as APPENDIX C. See Note 1 to such audited financial statements sets forth significant accounting policies that the District follows. The District is required to file its audit report for the preceding fiscal year with the State Controller's Office, the CDE and the LACOE by December 15. The District's auditor has not specifically approved the inclusion of such excerpts herewith.

In addition to the significant accounting policies set forth in the District's audited financial statements for the fiscal year 2014-15 included in APPENDIX C, the District has implemented Governmental Accounting Standards Board Statement No. 54 - "Fund Balance Reporting and Governmental Fund Type Definitions" ("GASB 54") which was developed in order for governments to classify amounts consistently regardless of the fund type or column in which they are presented. Pursuant to GASB 54, the fund balances will be designated as one of the following five categories:

(i) nonspendable fund balance which includes amounts that are not in a spendable form or are required to be maintained intact, (ii) restricted fund balance which includes amounts constrained to specific purposes by their providers, through constitutional provisions or by enabling legislation; (iii) committed fund balance which includes amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint; (iv) assigned fund balance which includes amounts a government intends to use for a specific purpose whereby the intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority; and (v) unassigned fund balance which includes amounts that are available for any purpose; these amounts are reported only in the General Fund.

California Assembly Bill 1200 ("A.B. 1200"), effective January 1, 1992, tightened the budget development process and interim financial reporting for school districts, enhancing the authority of the county schools superintendents' offices and establishing guidelines for emergency State aid apportionments. Many provisions affect District operations directly, while others create a foundation from which outside authorities (primarily state and county school officials) may impose actions on the District. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years. Each certification is based on then-current projections. The District currently holds a positive certification from the County Office of Education for its budget submissions. However, the District has not received a qualified certification from the County, or self-qualified its budget, within the past five years.

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. For the District's most recent available audited financial statements, see APPENDIX C.

Developer Fees

The District maintains a fund separate and apart from the General Fund to account for developer fees collected by the District. Residential development is assessed a fee of $2.63 per square foot. The following table sets forth the developer fees collected during fiscal years 2011-12 through 2015-16, and the projected developer fees to be collected during fiscal year 2016-17.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
Developer Fees
Fiscal Years 2011-12 through 2016-17

Fiscal Year	Developer Fees Collected
2011-12	$348,475
2012-13	197,788
2013-14	156,196
2014-15	523,948
2015-16	246,857
2016-17[1]	430,000

[1] Projected.
Source: The District.

Redevelopment Revenue

The District has received pass-through tax revenues from the City of Lawndale Redevelopment Agency. The receipt of redevelopment revenues may be reduced or eliminated due to the elimination of redevelopment agencies pursuant to State law. See "STATE FUNDING OF EDUCATION – Litigation Regarding Redevelopment Agency Revenues and Education Expenditures" herein. The following table sets forth the revenues received during fiscal years 2011-12 through 2015-16, and the projected revenues to be collected during fiscal year 2016-17.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
Redevelopment Revenue
Fiscal Years 2011-12 through 2016-17

Fiscal Year	Redevelopment Revenue Received by the District
2011-12	$368,758
2012-13	285,563
2013-14	176,744
2014-15	725,054
2015-16	590,142
2016-17[1]	221,834

[1] Projected.
Source: The District.

Proposition 98

General. In 1988, California voters approved Proposition 98, an initiative that amended Article XVI of the State Constitution and provided specific procedures to determine a minimum guarantee for annual grade kindergarten to 14 ("K-14") funding. The constitutional provision links the K-14 funding formulas to growth factors that are also used to compute the State appropriations limit. Proposition 111 (Senate Constitutional Amendment 1), adopted in June 1990, among other things, revised certain funding provisions of Proposition 98 relating to the treatment of revenues in excess of the State spending limit and added a third funding "test" to calculate the annual funding guarantee. This third calculation is operative in years in which general fund tax revenue growth is weak. The amendment also specified that under Test 2 (see below), the COLA for the minimum guarantee would be the change in

California's per-capita personal income, which is the same COLA used to make annual adjustments to the State appropriations limit (Article XIII B).

Calculating Minimum Funding Guarantee. There are currently three tests which determine the minimum level of K-14 funding. Test 1 guarantees that K-14 education will receive at least the same funding share of the State general fund budget it received in 1986-87. Initially, that share was just over 40%. Because of the major shifts of property tax from local government to community colleges and K-12 which began in 1992-93 and increased in 1993-94, the percentage dropped to 33.0%.

Under implementing legislation (AB 198 and SB 98 of 1989), each segment of public education (K-12 districts, community college districts, and direct elementary and secondary level instructional services provided by the State of California) has separately calculated amounts under the Proposition 98 tests. The base year for the separate calculations is 1989-90. Each year, each segment is entitled to the greater of the amounts separately computed for each under Test 1 or 2. Should the calculated amount Proposition 98 guarantee (K-14 aggregated) be less than the sum of the separate calculations, then the Proposition 98 guarantee amount shall be prorated to the three segments in proportion to the amount calculated for each. This statutory split has been suspended in every year beginning with 1992-93. In those years, community colleges received less than was required from the statutory split.

Test 2 provides that K-14 education will receive as a minimum, its prior-year total funding (including State general fund and local revenues) adjusted for ADA and per-capita personal income COLA.

A third formula, established pursuant to Proposition 111 as "Test 3," provides an alternative calculation of the funding base in years in which State per-capita General Fund revenues grow more slowly than per-capita personal income. When this condition exists, K-14 minimum funding is determined based on the prior-year funding level, adjusted for changes in enrollment and COLA where the COLA is measured by the annual increase in per-capita general fund revenues, instead of the higher per-capita personal income factor. The total allocation, however, is increased by an amount equal to one-half of one percent of the prior-year funding level as a funding supplement.

In order to make up for the lower funding level under Test 3, in subsequent years K-14 education receives a maintenance allowance equal to the difference between what should have been provided if the revenue conditions had not been weak and what was actually received under the Test 3 formula. This maintenance allowance is paid in subsequent years when the growth in per-capita State tax revenue outpaces the growth in per-capita personal income.

The enabling legislation to Proposition 111, Chapter 60, Statutes of 1990 (SB 88, Garamendi), further provides that K-14 education shall receive a supplemental appropriation in a Test 3 year if the annual growth rate in non-Proposition 98 per-capita appropriations exceeds the annual growth rate in per-pupil total spending.

Propositions 1A and 22

Proposition 1A (SCA 4), proposed by the State Legislature in connection with the 2004-05 State budget and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the State Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Pursuant to Proposition 1A, if the State reduces the Vehicle License Fee rate below 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A required the State, beginning March 1, 2006, to suspend mandates affecting cities, counties and special districts, schools or community colleges, excepting mandates relating to employee rights, in any year that the State does not fully reimburse local governments for their costs of compliance with such mandates.

Prohibitions on Diverting Local Revenues for State Purposes. Beginning in fiscal year 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and college districts through a local Educational Revenue Augmentation Fund ("ERAF") in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of a new initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment will be to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert $1.935 billion in local property tax revenues in fiscal year 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted fiscal year 2009-10 State budget of $1.7 billion in local property tax revenues from local redevelopment agencies. Because Proposition 22 reduces the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's General Fund.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State Budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and K-14 school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to K-14 school districts and county offices of education, totaling $1.7 billion statewide. The District is unable to predict what affect the implementation of ABx1 26 will have on the District's future receipt of tax increment revenues.

As a result of the dissolution of California redevelopment agencies and ABx1 26, the tax increment previously paid to redevelopment agencies shall first be used to pay pass-through payments to other taxing entities and second to pay the redevelopment agencies enforceable obligations; with the remaining revenue (if any) paid to the taxing entities by the County Auditor-Controller in the same proportion as other tax revenue. The District does not expect to have any of its property tax payments deferred as a result of the dissolution of area redevelopment agencies.

APPENDIX B

FORM OF BOND COUNSEL OPINION

October 19, 2016

Board of Education
Centinela Valley Union High School District
1405 12th Avenue
Delano, California 93215

Re: $87,255,000 Centinela Valley Union High School District (County of Los Angeles, California) 2016 General Obligation Refunding Bonds, Series B (2022 Crossover) and $52,345,000 Centinela Valley Union High School District (County of Los Angeles, California) 2016 General Obligation Refunding Bonds, Series C

Ladies and Gentlemen:

We have acted as Bond Counsel to the Centinela Valley Union High School District, County of Los Angeles, State of California (the "District"), in connection with the issuance by the District of $87,255,000 aggregate principal amount of its 2016 General Obligation Refunding Bonds, Series B (2022 Crossover) (the "Series B Bonds") and $52,345,000 aggregate principal amount of its 2016 General Obligation Refunding Bonds, Series C (the "Series C Bonds" and, together with the Series B Bonds, the "Bonds"). The Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as amended, and the resolution adopted by the Board of Education of the District on September 13, 2016 (the "Resolution"). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

As Bond Counsel, we have examined copies, certified to us as being true and complete copies, of the proceedings of the District for the authorization and issuance of the Bonds. In connection thereto, we have also examined such certificates of public officials and officers of the District as we have considered necessary for the purposes of this opinion. We have, with your approval, assumed that all items submitted to us as originals are authentic and that all items submitted to us as copies conform to the originals.

On the basis of such examination, our reliance upon the assumptions contained herein and our consideration of those questions of law we considered relevant, and subject to the limitations and qualifications in this opinion, we are of the opinion that:

1. The Bonds have been duly authorized and issued and constitute legally valid and binding obligations of the District, enforceable in accordance with their terms and the terms of the Resolution.

2. Prior to August 1, 2022 (the "Crossover Date"), the Series B Bonds will be secured by and payable from proceeds of the Series B Bonds on deposit in an escrow fund established therefor. From and after the Crossover Date, the Series B Bonds are payable solely from and are secured by a pledge of *ad valorem* taxes which may be levied without limitation as to rate or amount upon all taxable real property in the District, and which, under the laws now in force with respect to the Bonds, may be levied within the limit

prescribed by law upon all taxable personal property in the District, and from other available funds as set forth in the Resolution. The Series C Bonds are payable solely from and are secured by a pledge of *ad valorem* taxes which may be levied without limitation as to rate or amount upon all taxable real property in the District, and which, under the laws now in force with respect to the Bonds, may be levied within the limit prescribed by law upon all taxable personal property in the District, and from other available funds as set forth in the Resolution.

3. The Resolution have been duly authorized by the District and constitute the legally valid and binding obligations of the District, enforceable in accordance with their terms. The Bonds, assuming due authentication by the Paying Agent, are entitled to the benefits of the Resolution.

4. The Internal Revenue Code of 1986, as amended (the "Code") sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the Resolution and the Tax and Nonarbitrage Certificate executed by the District in connection with the issuance of the Bonds (the "Tax Certificate"), the District has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District has made certain representations and certifications in the Resolution and the Tax Certificate. We have not independently verified the accuracy of those certifications and representations.

   Under existing law, assuming compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

5. Interest on the Bonds is exempt from personal income taxes of the State of California under present state law.

6. Bond Counsel is further of the opinion that the excess of the principal amount of any maturity of the Bonds over the price at which a substantial amount of such maturity of the Bonds was sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a "Discount Bond" and collectively, the "Discount Bonds") constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-

exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment.

The opinions set forth in paragraphs 1, 2, and 3 above (i) assume that the Paying Agent has duly authenticated the Bonds and (ii) are subject to (a) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally (including, without limitation, fraudulent conveyance laws), (b) the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and (c) the limitations on legal remedies against government entities in the State of California.

In rendering the opinions set forth in paragraphs 4 and 6 above, we are relying upon representations and covenants of the District in the Tax Certificate concerning the investment and use of Bond proceeds, the rebate to the federal government of certain earnings thereon, and the use of the property and facilities refinanced with the proceeds of the Bonds. In addition, we have assumed that all such representations are true and correct and that the District will comply with such covenants. We express no opinion with respect to the exclusion of the interest on the Bonds from gross income under Section 103(a) of the Code in the event that any of such representations are untrue or the District fails to comply with such covenants, unless such failure to comply is based on our advice or opinion.

Except as stated in paragraphs 4 through 6, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

No opinion is expressed herein on the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds. This opinion is expressly limited to the matters set forth above and we render no opinion, whether by implication or otherwise, as to any other matters.

Our opinions are limited to matters of California law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions. We call attention to the fact that the opinions expressed herein and the exclusion of interest on the Bonds from gross income for federal income tax purposes may be affected by actions taken or omitted or events occurring or failing to occur after the date hereof. We have not undertaken to determine, or inform any person, whether any such actions are taken, omitted, occur or fail to occur.

Respectfully submitted,

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APPENDIX C

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2015

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CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT

AUDIT REPORT
JUNE 30, 2015

COSSOLIAS | WILSON
DOMINGUEZ | LEAVITT
CERTIFIED PUBLIC ACCOUNTANTS

(858) 565-2700 | www.cwdlcpa.com

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Governing Board
Centinela Valley Union High School District
Lawndale, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Centinela Valley Union High School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Centinela Valley Union High School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on Government-Wide Financial Statements

In fiscal year 2014 the District began an extensive project to reconcile its capital assets infrastructure and obtain a sufficient auditable listing. The third party vendor selected by the District for this project was unable to provide complete, accurate, and auditable reports as of March 29, 2016. Accordingly, we were unable to obtain sufficient appropriate audit evidence about the capital assets balance as of June 30, 2015. Consequently, we were unable to determine whether any adjustment to the amount reported in these financials was necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion on Government-Wide Financial Statements" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of Centinela Valley Union High School District, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 4 through 10, the budgetary comparison information on page 63, the schedule of funding progress on page 64, the schedule of proportionate share of the net pension liability on page 65, and the schedule of contributions on page 66 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Centinela Valley Union High School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2016 on our consideration of Centinela Valley Union High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Centinela Valley Union High School District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
March 29, 2016

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INTRODUCTION

Our discussion and analysis of Centinela Valley Union High School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015. It should be read in conjunction with the District's financial statements, which follow this section.

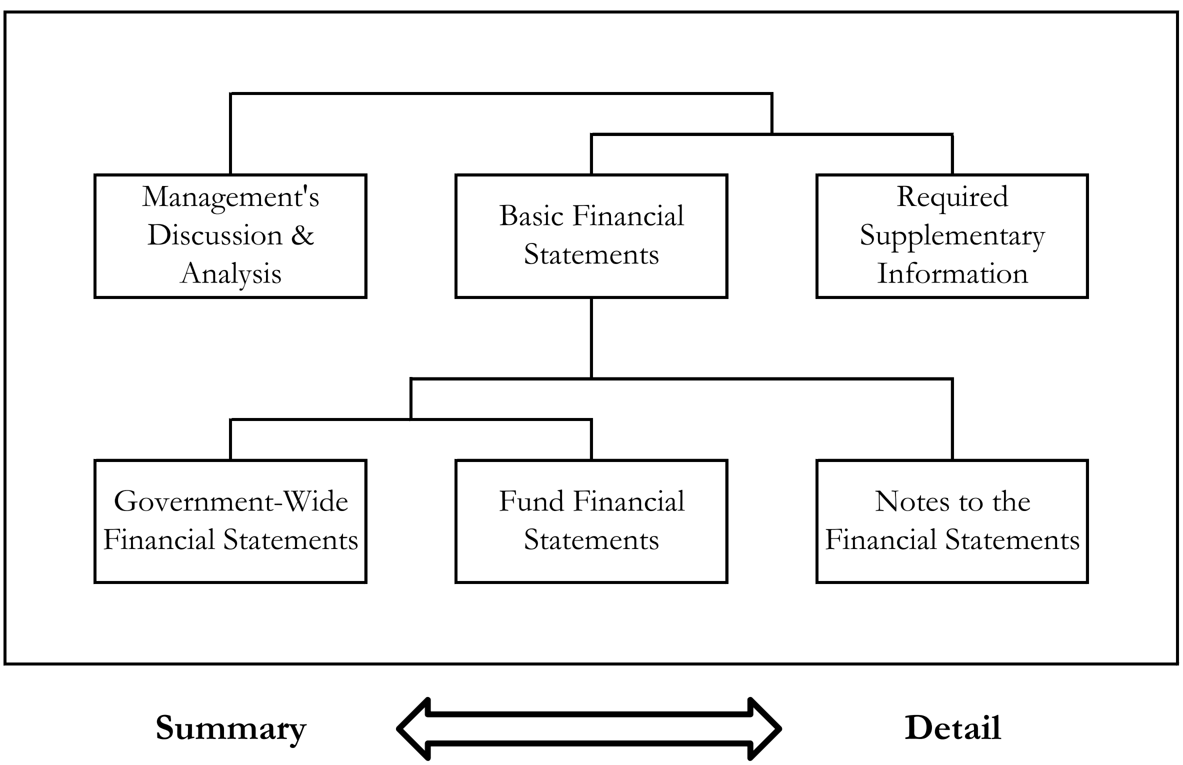
FINANCIAL HIGHLIGHTS

- Total net position was $ (26,331,237) at June 30, 2015. This was a decrease of $47,209,522 from the prior year. This change was primarily due to the implementation of GASB 68 to bring on the required net pension liability of $49,850,481.

- Overall revenues were $109,224,655 which was slightly less than expenses of $109,770,353.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section



OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financials Section (continued)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.

    - **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

    - **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Revenue limit funding and federal and state grants finance most of these activities.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's combined net position was $ (26,331,237) at June 30, 2015, as reflected below. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2015	2014	Net Change
ASSETS			
Current and other assets	$ 47,599,328	$ 57,764,818	$ (10,165,490)
Non-current and other assets	3,392,744	526,489	2,866,255
Capital assets	273,671,857	255,084,900	18,586,957
Total Assets	$ 324,663,929	$ 313,376,207	$ 11,287,722
DEFERRRED OUTFLOWS OF RESOURCES	$ 6,110,638	$ -	6,110,638
LIABILITIES			
Current liabilities	$ 16,163,614	$ 27,456,079	$ 11,292,465
Long-term liabilities	277,460,376	265,041,843	(12,418,533)
Total Liabilities	293,623,990	292,497,922	(1,126,068)
DEFERRRED INFLOWS OF RESOURCES	$ 13,597,520	$ -	13,597,520
NET POSITION			
Net investment in capital assets	29,929,717	7,979,310	21,950,407
Restricted	8,594,366	8,594,366	-
Unrestricted	(64,855,320)	4,304,609	(69,159,929)
Total Net Position	$ (26,331,237)	$ 20,878,285	$ (47,209,522)

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and arranges them in a comparative format, so you can see the net changes in our total revenues, expenses, and special items for the year.

	Governmental Activities		
	2015	**2014**	**Net Change**
REVENUES			
Program revenues			
Charges for services	$ -	$ 7,717	$ (7,717)
Operating grants and contributions	30,414,706	14,350,377	16,064,329
Capital grants and contributions	290,839	5,360,966	(5,070,127)
General revenues			
Property taxes	32,984,332	26,087,632	6,896,700
Unrestricted federal and state aid	44,584,941	42,172,817	2,412,124
Other	949,837	5,915,373	(4,965,536)
Total Revenues	109,224,655	93,894,882	15,329,773
EXPENSES			
Instruction	45,997,914	38,816,681	7,181,233
Instruction-related services	9,072,314	7,539,397	1,532,917
Pupil services	10,875,550	9,625,849	1,249,701
General administration	6,346,018	6,886,800	(540,782)
Plant services	10,756,904	8,058,486	2,698,418
Ancillary services	353,612	615,070	(261,458)
Debt service	13,071,019	10,090,268	2,980,751
Other outgo	7,861,084	2,428,001	5,433,083
Depreciation	5,435,938	7,357,570	(1,921,632)
Total Expenses	109,770,353	91,418,122	18,352,231
Change in net position	(545,698)	2,476,760	(3,022,458)
Net Position - Beginning	20,878,285	32,871,524	(11,993,239)
Prior Period Adjustment (see note 13)	(46,663,824)	(14,469,999)	(32,193,825)
Net Position - Ending	$ (26,331,237)	$ 20,878,285	$ (47,209,522)

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

The net cost of services provided for the year ended June 30, 2015 was $79,064,808, an increase of 10% from the prior year.

	Net Cost of Services	
	2015	2014
Instruction	$ 37,721,481	$ 25,851,647
Instruction-related services	8,246,427	6,345,242
Pupil services	6,590,814	5,120,811
General administration	5,630,993	6,453,529
Plant services	10,751,006	8,047,034
Ancillary services	353,612	615,070
Debt service	13,071,019	10,090,268
Other outgo	(8,736,482)	1,817,891
Depreciation	5,435,938	7,357,570
Total Expenses	$ 79,064,808	$ 71,699,062

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $34,330,512, which is greater than last year's ending fund balance of $33,919,085. The District's General Fund had a $ (6,428,619) net change in fund balance for the year ended June 30, 2015.

CURRENT YEAR BUDGET 2014-15

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a monthly basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2014-15 the District had invested $273,671,857 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2015	2014	Net Change
CAPITAL ASSETS			
Land	$ 8,012,685	$ 8,012,685	$ -
Construction in progress	42,962,577	128,520,277	(85,557,700)
Land improvements	6,959,550	6,959,550	-
Buildings & improvements	241,779,628	140,408,084	101,371,544
Furniture & equipment	5,826,418	3,967,895	1,858,523
Accumulated depreciation	(31,869,001)	(32,783,591)	914,590
Total Capital Assets	$ 273,671,857	$ 255,084,900	$ 18,586,957

Long-Term Debt

At year-end, the District had $277,494,189 in long-term debt, an increase of 3% from last year – as shown in the table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements).

	Governmental Activities		
	2015	2014	Net Change
LONG-TERM LIABILITIES			
General Obligation bonds	$ 257,329,534	$ 246,478,199	$ 10,851,335
Total certificates of participation	6,825,000	6,825,000	-
Capital leases	214,512	429,024	(214,512)
Compensated absences	924,228	940,548	(16,320)
Other general long-term debt	12,200,915	14,114,184	(1,913,269)
Total Long-term Liabilities	$ 277,494,189	$ 268,786,955	$ 8,707,234

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

Landmark legislation passed in the 2013-14 fiscal year reformed California school district finance by creating the new Local Control Funding Formula (LCFF). The District continues to analyze the impact of the LCFF on funding for our program offerings and services. The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low income brackets, those that are English language learners and foster youth. The State anticipates all school districts to reach the statewide targeted base funding levels by 2020-21, but the annual amount funded to meet the target is uncertain.

Factors related to LCFF that the District is monitoring include: (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADs); and, (4) meeting new compliance and audit requirements.

The State's economic situation is also a major factor affecting the District's future. The financial well-being of the District is tied in large measure to the State's K-12 funding as prescribed by Proposition 98. Although Proposition 98 funding is generally referred to as a "guarantee", when the state applies a deficit factor to a district's funding or reduces the required payment, as happened in both the 2011-12 and the 2012-13 fiscal years respectively, the funding can no longer be considered a "guarantee". The State with its new funding model, Local Control Funding Formula, proposes to increase funding to schools to the 2008 funding levels by 2020.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

The future predictions require management to plan carefully and prudently to provide the resources to meet student needs over the next several years. The District will continue to meet this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Business Services, Centinela Valley Union High School District, 14901 South Inglewood Ave., Lawndale, California 90260.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 42,283,066
Accounts receivable	3,958,567
Inventory	63,143
Note receivable	864,500
Other current assets	430,052
Deferred charges	3,392,744
Capital assets, not depreciated	50,975,262
Capital assets, net of accumulated depreciation	222,696,595
Total Assets	324,663,929
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension contributions	6,110,638
LIABILITIES	
Accrued liabilities	15,837,640
Unearned revenue	325,974
Net pension liability	49,850,481
Net OPEB liability	33,813
Long-term liabilities, current portion	4,989,940
Long-term liabilities, non-current portion	272,470,436
Total Liabilities	343,508,284
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows on unrealized pension investment gains	13,597,520
NET POSITION	
Net investment in capital assets	29,929,717
Restricted:	
Capital projects	750,535
Debt service	6,709,892
Educational programs	1,133,939
Unrestricted	(64,855,320)
Total Net Position	$ (26,331,237)

The accompanying notes are an integral part of these financial statements.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
Function/Programs	**Expenses**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
GOVERNMENTAL ACTIVITIES				
Instruction	$ 45,997,914	$ 7,985,594	$ 290,839	$ (37,721,481)
Instruction-related services				
Instructional supervision and administration	2,841,861	825,092	-	(2,016,769)
Instructional library, media, and technology	409,045	-	-	(409,045)
School site administration	5,821,408	795	-	(5,820,613)
Pupil services				
Home-to-school transportation	1,580,356	23,904	-	(1,556,452)
Food services	4,030,386	3,823,819	-	(206,567)
All other pupil services	5,264,808	437,013	-	(4,827,795)
General administration				
Centralized data processing	959,147	-	-	(959,147)
All other general administration	5,386,871	715,025	-	(4,671,846)
Plant services	10,756,904	5,898	-	(10,751,006)
Ancillary services	353,612	-	-	(353,612)
Interest on long-term debt	13,071,019	-	-	(13,071,019)
Other outgo	7,861,084	16,597,566	-	8,736,482
Depreciation (unallocated)	5,435,938	-	-	(5,435,938)
Total Governmental Activities	$ 109,770,353	$ 30,414,706	$ 290,839	(79,064,808)

General revenues	
Taxes and subventions	
Property taxes, levied for general purposes	16,861,946
Property taxes, levied for debt service	12,242,248
Property taxes, levied for other specific purposes	3,880,138
Federal and state aid not restricted for specific purposes	44,584,941
Interest and investment earnings	257,398
Miscellaneous	692,439
Subtotal, General Revenue	78,519,110
CHANGE IN NET POSITION	(545,698)
Net Position - Beginning	20,878,285
Prior Period Adjustment (see note 13)	(46,663,824)
Net Position - Ending	$ (26,331,237)

The accompanying notes are an integral part of these financial statements.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 9,469,255	$ 23,562,803	$ 8,576,970	$ 674,038	$ 42,283,066
Accounts receivable	3,296,032	33,526	-	629,009	3,958,567
Stores inventory	35,694	-	-	27,449	63,143
Other current assets	430,052	-	-	-	430,052
Total Assets	$ 13,231,033	$ 23,596,329	$ 8,576,970	$ 1,330,496	$ 46,734,828
LIABILITIES					
Accrued liabilities	$ 8,868,017	$ 2,879,460	$ -	$ 330,865	$ 12,078,342
Deferred revenue	325,974	-	-	-	325,974
Total Liabilities	9,193,991	2,879,460	-	330,865	12,404,316
FUND BALANCES					
Nonspendable	60,694	-	-	29,949	90,643
Restricted					
Educational programs	653,947	-	-	-	653,947
Capital projects	138,131	20,716,869	-	15,789	20,870,789
Debt service	-	-	8,576,970	-	8,576,970
Assigned	52,124	-	-	953,893	1,006,017
Unassigned	3,132,146	-	-	-	3,132,146
Total Fund Balances	4,037,042	20,716,869	8,576,970	999,631	34,330,512
Total Liabilities and Fund Balances	$ 13,231,033	$ 23,596,329	$ 8,576,970	$ 1,330,496	$ 46,734,828

The accompanying notes are an integral part of these financial statements.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total Fund Balance - Governmental Funds			$ 34,330,512
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:			
Capital assets:			
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:			
	Capital assets	$ 305,540,858	
	Accumulated depreciation	(31,869,001)	273,671,857
Unamortized costs:			
In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the governmental-wide statements, debt issue costs are amortized over the life of the debt. Unamortized debt issue costs included in net long-term debt on the statement of net position are:			3,392,744
Unmatured interest on long-term debt:			
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:			(3,759,298)
Net OPEB liability:			
In governmental funds, postretirement benefits costs are recognized as expenditures in the period they are paid. In the government-wide statements, they are recognized in the period they are incurred. The net OPEB liability at the end of the period was:			(33,813)
Note receivable:			
Long-term notes receivable do not meet the availability criteria under modified accrual basis and are deferred in the funds:			864,500
Long-term liabilities:			
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:			
	General obligation bonds	$ 257,329,534	
	Net Pension Liability	49,850,481	
	Total certificates of participation	6,825,000	
	Capital leases	214,512	
	Compensated absences	924,228	
	Other general long-term debt	12,167,102	(327,310,857)
Deferred outflows and inflows of resources relating to pensions:			
In governmental funds, deferred outflows and inflows of resources relating to pension are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.			
Deferred outflows of resources related to pensions		6,110,638	
Deferred inflows of resources related to pensions		(13,597,520)	(7,486,882)
Total Net Position - Governmental Activities			$ (26,331,237)

The accompanying notes are an integral part of these financial statements.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	$ 59,286,172	$ -	$ -	$ -	$ 59,286,172
Federal sources	4,673,049	-	-	3,718,962	8,392,011
Other state sources	20,930,201	-	65,040	609,764	21,605,005
Other local sources	6,044,399	213,951	13,172,132	720,542	20,151,024
Total Revenues	90,933,821	213,951	13,237,172	5,049,268	109,434,212
EXPENDITURES					
Current					
Instruction	45,852,927	-	-	-	45,852,927
Instruction-related services					
Instructional supervision and administration	2,841,861	-	-	-	2,841,861
Instructional library, media, and technology	409,045	-	-	-	409,045
School site administration	5,821,408	-	-	-	5,821,408
Pupil services					
Home-to-school transportation	1,580,356	-	-	-	1,580,356
Food services	-	-	-	4,088,743	4,088,743
All other pupil services	5,264,808	-	-	-	5,264,808
General administration					
Centralized data processing	1,162,349	-	-	-	1,162,349
All other general administration	5,189,723	-	-	229,809	5,419,532
Plant services	9,758,714	-	-	1,183,311	10,942,025
Facilities acquisition and maintenance	75,253	12,352,184	-	35,585	12,463,022
Ancillary services	360,871	-	-	-	360,871
Transfers to other agencies	3,845,503	-	-	-	3,845,503
Debt service					
Principal	-	-	1,575,000	-	1,575,000
Interest and other	413,434	-	9,795,094	-	10,208,528
Total Expenditures	82,576,252	12,352,184	11,370,094	5,537,448	111,835,978
Excess (Deficiency) of Revenues					
Over Expenditures	8,357,569	(12,138,233)	1,867,078	(488,180)	(2,401,766)
Other Financing Sources (Uses)					
Transfers in	278,688	14,890,220	-	-	15,168,908
Other sources	-	3,000,000	-	-	3,000,000
Other uses	(186,807)	-	-	-	(186,807)
Transfers out	(14,878,069)	-	-	(290,839)	(15,168,908)
Net Financing Sources (Uses)	(14,786,188)	17,890,220	-	(290,839)	2,813,193
NET CHANGE IN FUND BALANCE	(6,428,619)	5,751,987	1,867,078	(779,019)	411,427
Fund Balance - Beginning, as originally stated	10,465,661	14,964,882	6,709,892	1,778,650	33,919,085
Adjustment for restatement (see note 15)	-	-	-	-	-
Fund Balance - Beginning, as restated	10,465,661	14,964,882	6,709,892	1,778,650	33,919,085
Fund Balance - Ending	$ 4,037,042	$ 20,716,869	$ 8,576,970	$ 999,631	$ 34,330,512

The accompanying notes are an integral part of these financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Net Change in Fund Balances - Governmental Funds		$	411,427
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:			
Capital outlay:			
In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:			
Expenditures for capital outlay:	$ 13,035,743		
Depreciation expense:	(5,435,938)		7,599,805
Debt service:			
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:			(3,736,594)
Debt proceeds:			
In governmental funds, proceeds of long-term debt are reported as Other Financing sources. In the government-wide statements, proceeds of long-term debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from long-term debt were:			(3,000,000)
Note receivable payment:			
In governmental funds, payments of notes receivable are reported as revenues. In the government-wide statements, repayments of notes are reported as reductions of assets. Revenues for repayment of the principal portion of debt were:			(22,750)

The accompanying notes are an integral part of these financial statements.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Debt issuance costs:		
In governmental funds, debt issuance costs are recognized as expenditures in the period they are incurred. In the government-wide statements, issue costs are amortized over the life of the debt. The difference between debt issuance costs recognized in the current period and issue costs amortized for the period is:		
Issuance costs incurred during the period:	$ 189,134	
Issuance costs amortized for the period:	(146,999)	42,135
Unmatured interest on long-term debt:		
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:		343,795
Accreted interest on long-term debt:		
In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.		(3,263,042)
Compensated absences:		
In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:		16,320
Postemployment benefits other than pensions (OPEB):		
In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:		560,302
Amortization of debt issuance premium or discount:		
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:		2,637,421
Pensions:		
In governmental funds, pension costs are recognized when employer contributions are made, in the government-wide statement of activities, pensions costs are recognized on the accrual basis. The difference between accrual basis pension costs and employer contributions was:		(2,134,517)
Change in Net Position of Governmental Activities		$ (545,698)

The accompanying notes are an integral part of these financial statements.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015

	Trust Funds	Agency Funds	
	Scholarship Trust Fund	**Student Body Funds**	**Payroll Clearing Fund**
ASSETS			
Cash and cash equivalents	$ 27,110	$ 347,962	$ 212,323
Accounts receivable	-	-	-
Stores inventory	-	5,990	-
Total Assets	27,110	353,952	212,323
LIABILITIES			
Due to student groups	-	353,952	-
Due to other agencies	-	-	212,323
Total Liabilities	-	$ 353,952	$ 212,323
NET POSITION			
Net position held in trust for scholarships	27,110		
Total Net Position	$ 27,110		

The accompanying notes are an integral part of these financial statements.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Trust Funds
	Scholarship Trust Fund
ADDITIONS	
Interest	$ 13
Total Additions	13
DEDUCTIONS	
Scholarship expense	500
Total Deductions	500
CHANGE IN NET POSITION	(487)
Net Position - Beginning	27,597
Net Position - Ending	$ 27,110

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Centinela Valley Union High School District (the "District") operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. For Centinela Valley Union High School District, this includes general operations, food service, and student related activities of the District.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no such component units.

C. Other Related Entities

The District is associated with three JPAs. These organizations do not meet the criteria for inclusion as component unit of the District. Additional information is presented in Note 11 to the financial statements. These organizations are:

- Alliance of Schools Cooperative Insurance Program (ASCIP)
- Local Classrooms Funding Authority (LCFA)
- Local Public Schools Funding Authority (LPSFA)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Presentation (continued)

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section* 15146) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section* 17462) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section* 41003).

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections* 15125–15262). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

Non-Major Governmental Funds

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Cafeteria Special Revenue Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections* 38090–38093). The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections* 38091 and 38100).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Presentation (continued)

Capital Project Funds: Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund: This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections* 17620–17626). The authority for these levies may be county/city ordinances (*Government Code Sections* 65970–65981) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section* 66006).

County School Facilities Fund: This fund is established pursuant to *Education Code Section* 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code Section* 17070 et seq.).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (*Education Code Section* 42840).

Capital Projects Fund for Blended Component Units: This fund is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Presentation (continued)

Fiduciary Funds

Trust and Agency Funds: Trust and agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Payroll Clearing Fund: This fund exists primarily to account separately for amounts collected from employees for federal taxes, state taxes, transfers to credit unions, and other contributions.

Student Body Fund: The Student Body Fund is an agency fund and, therefore, consists only of accounts such as cash and balancing liability accounts, such as due to student groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*Education Code Sections* 48930–48938).

Scholarship Trust Fund: This fund meets fiduciary fund criteria but is not an agency fund. The scholarship trust fund is used to account for funds that are dedicated to the District's student scholarship program.

E. Basis of Accounting – Measurement Focus

Government-Wide and Fiduciary Financial Statements
The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Basis of Accounting – Measurement Focus (continued)

Governmental Funds

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Basis of Accounting – Measurement Focus (continued)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

F. Assets, Liabilities, Fund Balance and Net Position

Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash held in the county treasury is recorded at cost, which approximates fair value.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Inventories

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities, Fund Balance and Net Position (continued)

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of $5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Buildings and Improvements	25-50 years
Furniture and Equipment	5-15 years
Vehicles	8 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken because such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities, Fund Balance and Net Position (continued)

Accrued Liabilities and Long-Term Obligations
All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Deferred Issuance Costs, Premiums, and Discounts
In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

Fund Balance
Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities, Fund Balance and Net Position (continued)

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

I. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

J. Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

K. Change in Accounting Principles

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Change in Accounting Principles (continued)

This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

Single employers are those whose employees are provided with defined benefit pensions through single employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Change in Accounting Principles (continued)

Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes, but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.

Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

This Statement is effective for fiscal years beginning after June 15, 2014. Early implementation is encouraged

In November 2013, the GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a State or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement No. 68 requires a State or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a State or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a State or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Change in Accounting Principles (continued)

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

L. New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures.

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. New Accounting Pronouncements (continued)

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.

OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.

OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria. The new information will enhance the decision-usefulness of the financial reports of those OPEB plans, their value for assessing accountability, and their transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. The net OPEB liability information, including ratios, will offer an up-to-date indication of the extent to which the total OPEB liability is covered by the fiduciary net position of the OPEB plan. The comparability of the reported information for similar types of OPEB plans will be improved by the changes related to the attribution method used to determine the total OPEB liability. The contribution schedule will provide measures to evaluate decisions related to the assessment of contribution rates in comparison with actuarially determined rates, if such rates are determined. In addition, new information about rates of return on OPEB plan investments will inform financial report users about the effects of market conditions on the OPEB plan’s assets over time and provide information for users to assess the relative success of the OPEB plan’s investment strategy and the relative contribution that investment earnings provide to the OPEB plan’s ability to pay benefits to plan members when they come due.

This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. New Accounting Pronouncements (continued)

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.

OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.

OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

This Statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Activities	Fiduciary Funds
Cash in county	$ 41,162,373	$ -
Cash on hand and in banks	-	587,395
Cash with fiscal agent	1,093,193	-
Cash in revolving fund	27,500	-
Total	$ 42,283,066	$ 587,395

B. Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the state; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; collateralized mortgage obligations; and the County Investment Pool.

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section* 41001. The Los Angeles County Treasurer's pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District's investment in the pool is based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U. S. Treasury Obligations	5 years	None	None
U. S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately $41,119,564 and an amortized book value of $41,162,373. The average weighted maturity for this pool is 595 days.

NOTE 2 – CASH AND INVESTMENTS (continued)

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2015, the pooled investments in the County Treasury were rated at least A by Moody's Investors Service.

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2015, the District's bank balance was not exposed to custodial credit risk.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance July 01, 2014	Adjustment for Restatement	Additions	Deductions	Balance June 30, 2015
Governmental Activities					
Capital assets not being depreciated					
Land	$ 8,012,685	$ -	$ -	$ -	$ 8,012,685
Construction in progress	128,520,277	-	11,070,252	96,627,952	42,962,577
Total Capital Assets not Being Depreciated	136,532,962	-	11,070,252	96,627,952	50,975,262
Capital assets being depreciated					
Land improvements	6,959,550	-	-	-	6,959,550
Buildings & improvements	140,408,084	4,897,045	96,750,499	276,000	241,779,628
Furniture & equipment	3,967,895	-	1,858,523	-	5,826,418
Total Capital Assets Being Depreciated	151,335,529	4,897,045	98,609,022	276,000	254,565,596
Less Accumulated Depreciation					
Land improvements	10,887,598	(6,090,107)	323,693	-	5,121,184
Buildings & improvements	20,656,428	-	4,850,250	260,421	25,246,257
Furniture & equipment	1,239,565	-	261,995	-	1,501,560
Total Accumulated Depreciation	32,783,591	(6,090,107)	5,435,938	260,421	31,869,001
Governmental Activities					
Capital Assets, net	$ 255,084,900	$ 10,987,152	$ 104,243,336	$ 96,643,531	$ 273,671,857

NOTE 4 – TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On July 3, 2014, the District issued $5,250,000 of Tax and Revenue Anticipation Notes bearing interest at 2.00 percent. The notes were issued to supplement cash flows. The notes mature on April 30, 2015 with repayment scheduled to begin during January 2015. During the 2014-15 fiscal year, the District paid off the notes.

NOTE 5 – LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2015 consisted of the following:

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Due Within One Year
General obligation bonds	$ 240,280,590	$ 10,263,042	$ 1,575,000	$ 248,968,632	$ 2,485,974
Unamortized premium	6,197,609	2,637,421	474,128	8,360,902	474,128
Total general obligation bonds	246,478,199	12,900,463	2,049,128	257,329,534	2,960,102
Certificates of participation	6,825,000	-	-	6,825,000	-
Capital leases	429,024	-	214,512	214,512	214,512
Compensated absences	940,548	-	16,320	924,228	-
OPEB obligation	-	33,813	-	33,813	-
Other general long-term debt	14,114,184	-	1,947,082	12,167,102	1,815,326
Totals	$ 268,786,955	$ 12,934,276	$ 4,227,042	$ 277,494,189	$ 4,989,940

A. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2015 amounted to $924,228. This amount is included as part of long-term liabilities in the government-wide financial statements.

B. Bonded Debt

The outstanding bonded debt of Centinela Valley Union High School District at June 30, 2015 is shown below:

Issuance Date	Yield Rate	Maturity Date	Amount of Original Issue	July 1, 2014 Balance	Additions	Redeemed Current Year	June 30, 2015 Balance	Due Within One Year
6/1/2002	2.20-5.25%	2032	$ 20,105,000	$ 14,165,000	$ -	$ 555,000	$ 13,610,000	$ 580,000
6/3/2004	1.65-5.50%	2034	39,205,000	30,250,000	-	995,000	29,255,000	1,040,000
4/1/2009	2.47-6.93%	2035	22,995,151	29,875,637	1,959,606	-	31,835,243	835,974
7/1/2011	0.63-7.54%	2042	25,999,344	24,292,215	197,924	-	24,490,139	-
5/17/2012	0.81-6.01%	2051	72,000,324	73,697,738	1,105,512	25,000	74,778,250	30,000
10/17/2013	0.82-4.83%	2037	50,000,000	50,000,000	-	-	50,000,000	-
3/27/2014	0.53-4.23%	2036	18,000,000	18,000,000	-	-	18,000,000	-
10/16/2014	0.69-3.15%	2037	7,000,000	-	7,000,000	-	7,000,000	-
		Total	$ 280,304,545	$ 240,280,590	$ 10,263,042	$ 1,575,000	$ 248,968,632	$ 2,485,974

NOTE 5 – LONG-TERM DEBT (continued)

B. <u>Bonded Debt (continued)</u>

The annual requirements to amortize these bonds and the remaining outstanding balance of 2002 Series A and 2004 Series A bonds are as follows:

Fiscal Year	Principal	Interest	Total
2016	$ 1,620,000	$ 2,262,127	$ 3,882,127
2017	1,715,000	2,185,035	3,900,035
2018	1,785,000	2,101,773	3,886,773
2019	1,895,000	2,011,622	3,906,622
2020	2,000,000	1,915,517	3,915,517
2021-2025	11,705,000	7,916,200	19,621,200
2026-2030	15,320,000	4,416,057	19,736,057
2031-2034	6,825,000	638,174	7,463,174
	$ 42,865,000	$ 23,446,505	$ 66,311,505

In April 2009, the District issued $22,995,151 of General Obligation Bonds. The 2008 Series A bonds mature as follows:

Fiscal Year	Principal	Accreted Interest	Total
2016	$ 835,974	$ 534,026	$ 1,370,000
2017	262,334	202,666	465,000
2018	923,232	846,768	1,770,000
2019	484,395	450,605	935,000
2020	1,305,520	889,480	2,195,000
2021-2025	5,402,156	6,392,844	11,795,000
2026-2030	6,236,977	14,063,023	20,300,000
2031-2035	6,203,850	23,206,150	29,410,000
Accretion	10,180,805	(10,180,805)	-
	$ 31,835,243	$ 36,404,757	$ 68,240,000

NOTE 5 – LONG-TERM DEBT (continued)

B. Bonded Debt (continued)

In July 2011, the District issued $25,999,344 of General Obligation Bonds. The 2011 Series A bonds mature as follows:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2016	$ -	$ 1,190,300	$ -	$ 1,190,300
2017	33,947	1,190,300	6,053	1,230,300
2018	71,814	1,190,300	18,186	1,280,300
2019	104,320	1,190,300	35,680	1,330,300
2020	134,825	1,190,300	60,175	1,385,300
2021-2025	964,245	5,951,500	890,756	7,806,501
2026-2030	2,368,155	5,912,500	1,206,843	9,487,498
2031-2035	3,822,036	5,152,500	2,571,073	11,545,609
2036-2040	10,425,000	3,628,249	-	14,053,249
2041-2042	5,920,000	518,938	-	6,438,938
Accretion	645,797	-	(645,797)	-
	$ 24,490,139	$ 27,115,187	$ 4,142,969	$ 55,748,295

In May 2012, the District issued $72,000,324 of General Obligation Bonds. The 2012 Series B bonds mature as follows:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2016	$ 30,000	$ 2,664,450	$ -	$ 2,694,450
2017	45,000	2,663,550	-	2,708,550
2018	145,000	2,662,200	-	2,807,200
2019	245,000	2,657,850	-	2,902,850
2020	350,000	2,650,500	-	3,000,500
2021-2025	2,256,677	13,200,000	1,173,322	16,629,999
2026-2030	2,950,078	13,200,000	3,554,922	19,705,000
2031-2035	3,198,153	13,200,000	6,923,745	23,321,898
2036-2040	3,280,424	13,200,000	11,115,092	27,595,516
2041-2045	4,889,457	13,200,000	24,972,223	43,061,680
2046-2050	41,960,535	10,401,925	7,264,465	59,626,925
2051	12,625,000	624,238	-	13,249,238
Accretion	2,802,926	-	(2,802,926)	-
	$ 74,778,250	$ 90,324,713	$ 52,200,843	$ 217,303,806

NOTE 5 – LONG-TERM DEBT (continued)

B. Bonded Debt (continued)

In October 2013, the District issued $50,000,000 of General Obligation Bonds. The 2013 Series B bonds mature as follows:

Fiscal Year	Principal	Interest	Total
2016	$ -	$ 2,905,438	$ 2,905,438
2017	300,000	2,905,438	3,205,438
2018	500,000	2,890,437	3,390,437
2019	700,000	2,865,437	3,565,437
2020	645,000	2,830,438	3,475,438
2021-2025	4,305,000	13,545,413	17,850,413
2026-2030	8,390,000	11,985,824	20,375,824
2031-2035	21,520,000	8,864,150	30,384,150
2036-2037	13,640,000	920,400	14,560,400
	$ 50,000,000	$ 49,712,975	$ 99,712,975

In March 2014, the District issued $18,000,000 of General Obligation Bonds. The 2014 Series C bonds mature as follows:

Fiscal Year	Principal	Interest	Total
2016	$ -	$ 864,294	$ 864,294
2017	270,000	864,294	1,134,294
2018	-	856,194	856,194
2019	270,000	856,193	1,126,193
2020	40,000	842,694	882,694
2021-2025	2,580,000	4,012,717	6,592,717
2026-2030	3,520,000	3,221,970	6,741,970
2031-2035	7,445,000	2,247,526	9,692,526
2036	3,875,000	193,750	4,068,750
	$ 18,000,000	$ 13,959,632	$ 31,959,632

NOTE 5 – LONG-TERM DEBT (continued)

B. Bonded Debt (continued)

In October 2014, the District issued $7,000,000 of General Obligation Bonds. The 2014 Series D bonds mature as follows:

Fiscal Year	Principal	Interest	Total
2016	$ -	$ 252,463	$ 252,463
2017	-	335,375	335,375
2018	200,000	335,375	535,375
2019	70,000	327,375	397,375
2020	-	324,575	324,575
2021-2025	830,000	1,562,875	2,392,875
2026-2030	1,160,000	1,304,875	2,464,875
2031-2035	2,505,000	1,004,450	3,509,450
2036-2037	2,235,000	161,750	2,396,750
	$ 7,000,000	$ 5,609,113	$ 12,609,113

NOTE 5 – LONG-TERM DEBT (continued)

C. Certificates of Participation

In November 2012, the District issued Series A and B of the 2012 Certificates of Participation (COPs) in the amounts of $1,005,000 and $5,975,000, respectively. The COPs were issued to enable the purchase of land and improvements at 14701 Inglewood Avenue, Hawthorne, CA (APN 4149-001-145). The interest rates on the Series A 2012 COP range from 3.0% to 4.0% and the interest rates on the Series B 2012 COP range from 1.25% to 6.0%. The certificates mature as follows:

Year Ended June 30,	Principal	Interest	Total
2016	$ -	$ 383,449	$ 383,449
2017	-	383,449	383,449
2018	35,000	382,924	417,924
2019	45,000	381,670	426,670
2020	60,000	379,894	439,894
2021 - 2025	500,000	1,846,784	2,346,784
2026 - 2030	985,000	1,653,319	2,638,319
2031 - 2035	1,715,000	1,277,438	2,992,438
2036 - 2040	2,770,000	638,500	3,408,500
2041	715,000	20,800	735,800
Total	$ 6,825,000	$ 7,348,227	$ 14,173,227

D. Capital Leases

The District entered into a capital lease agreement with Ricoh Professional Services (RICOH) for copying services. Future minimum lease payments are as follows:

Year Ended June 30,	Payment
2016	$ 214,512
Total	$ 214,512

NOTE 5 – LONG-TERM DEBT (continued)

E. Settlement Payments

On September 8, 2009, the District entered into Stipulations for Final Judgment to settle pending litigation between the District, F.H. Paschen/S.N. Nielsen, Inc. and Harley Ellis Devereaux Corporation, arising from the construction of the District's Lawndale Performing Arts Center and Hawthorne High School Multi-purpose Cafeteria. The settlement payments are as follows:

Year Ended June 30,	Payment
2016	438,625
2017	413,250
2018	387,875
Total Payments	1,239,750
Less amount representing interest	(152,250)
Present value of settlement payments	$ 1,087,500

F. PARS Supplementary Retirement Plan

On February 22, 2011, The District entered into an agreement with Public Agency Retirement Services (PARS) to Design and Administrate a Supplementary Retirement Plan (SRP) for Eligible Employees. The installment payments are as follows:

Year Ended June 30,	Payment
2016	140,591
Total Payments	$ 140,591

G. California Department of General Services Repayment

At the January 25, 2012 meeting of the State Allocation Board, the Board voted that the District had to return $3,117,408 to the State related to the Aurora modular project at Leuzinger High School that was not completed. The State Allocation Board subsequently approved a five year payment plan. The installment payments are as follows:

Year Ended June 30,	Payment
2016	630,776
2017	630,776
Total Payments	$ 1,261,552

NOTE 5 – LONG-TERM DEBT (continued)

H. PARS Supplementary Retirement Plan

On December 11, 2012, The District entered into an agreement with Public Agency Retirement Services (PARS) to Design and Administrate a multi-year Supplementary Retirement Plan (SRP) for Eligible Employees. An actuarial study was performed at that time, and a 25 year payment schedule was created. Further actuarial studies will be completed every other year, and the payment schedule will be updated accordingly. The installment payments are as follows:

Year Ended June 30,	Payment
2016	533,000
2017	521,000
2018	509,000
2019	495,000
2020	477,000
2021-2025	2,262,000
2026-2030	2,176,000
2031-2035	2,121,000
2036-2037	435,000
Total Payments	$ 9,529,000

I. Software License Lease

On August 27, 2013, The District entered into an agreement with Key Government Finance, Inc. to Finance a 3-Year License Agreement with Edgenuity for the Contract Period of July 1, 2013 through June 30, 2016. The installment payments are as follows:

Year Ended June 30,	Payment
2016	152,779
Total Payments	152,779
Less amount representing interest	4,320
Present value of settlement payments	$ 148,459

NOTE 6 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2015:

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Activities
Non-spendable					
Revolving cash	$ 25,000	$ -	$ -	$ 2,500	$ 27,500
Stores inventory	35,694	-	-	27,449	63,143
Total non-spendable	60,694	-	-	29,949	90,643
Restricted					
Educational programs	653,947	-	-	-	653,947
Capital projects	138,131	20,716,869	-	15,789	20,870,789
Debt service	-	-	8,576,970	-	8,576,970
Total restricted	792,078	20,716,869	8,576,970	15,789	30,101,706
Assigned					
Other assignments	52,124	-	-	953,893	1,006,017
Total assigned	52,124	-	-	953,893	1,006,017
Unassigned					
Remaining unassigned	3,132,146	-	-	-	3,132,146
Total unassigned	3,132,146	-	-	-	3,132,146
Total	$ 4,037,042	$ 20,716,869	$ 8,576,970	$ 999,631	$ 34,330,512

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 3 percent of General Fund expenditures and other financing uses.

NOTE 7 –POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description and Contribution Information

The District provides medical, dental and vision benefits to retirees and their covered eligible dependents. The District pays a portion of the medical costs for eligible retirees only. Retirees must pay the entire cost for dental, vision, and dependent medical benefits. All active employees who retire directly from the District and meet the eligibility criteria may participate.

Membership of the plan consisted of the following:

Retirees receiving District-paid health benefits	299
Active plan members	612
Total*	911
Number of participating employers	1

* As of July 1, 2014 actuarial study

NOTE 7 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

B. Funding Policy

The District's contribution is currently based on a project pay-as-you-go funding method, that is, benefits are payable when due.

C. Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	$ 1,506,189
Interest on net OPEB (asset)	(21,060)
Adjustment to annual required contribution	30,447
Annual OPEB cost (expense)	1,515,576
Contributions made	955,274
Increase in net OPEB asset	(560,302)
Net OPEB asset, beginning of the year	526,489
Net OPEB asset (obligation), end of the year	$ (33,813)

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended June 30, 2015 and the preceding two years were as follows:

Fiscal Year	Annual OPEB Cost	Percentage Contributed	Net OPEB Asset (Obligation)
2015	$ 1,515,576	63%	$ (33,813)
2014	$ 970,443	111%	$ 526,489
2013	$ 987,379	128%	$ 419,162
2012	$ 1,059,584	87%	$ 147,392
2011	$ 1,056,444	125%	$ 283,043

NOTE 7 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

D. Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Valuation Date	7/1/2014
Actuarial Cost Method	Projected Unit Credit Cost
Amortization Method	Open, Level Dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Discount rate	4.0%
Healthcare cost trend rates:	
Medical	4.0-8.0%
Dental and vision	4.0%

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

California State Teachers' Retirement System (CalSTRS)

Plan Description
The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Funding Policy
Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2015 was 8.88% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalSTRS for the last three fiscal years were as follows:

	Contribution	Percent of Required Contribution
2014-15	$ 3,050,426	100%
2013-14	$ 2,439,420	100%
2012-13	$ 1,998,846	100%

On-Behalf Payments
The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately $1,457,941 to CalSTRS (5.679% of annual payroll subject to CalSTRS).

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS (continued)

California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Funding Policy

Active plan members are required to contribute 7.0% of their salary, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2015 was 11.77% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the last three fiscal years were as follows:

	Contribution	Percent of Required Contribution
2014-15	$ 1,602,056	100%
2013-14	$ 1,452,025	100%
2012-13	$ 1,238,025	100%

NOTE 9 – PENSION PLANS

Pension Plans – California Public Employees' Retirement System (CalPERS)

General Information about the Pension Plan

Plan Description – The schools cost-sharing multiple-employer defined benefit pension plan (the Plan) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California. The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015 are established by statute.

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Local Government is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the average active employee contribution rate is 6.974 percent of annual pay, and the employer's contribution rate is 11.442 percent of annual payroll. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

NOTE 9 – PENSION PLANS (continued)

Pension Plans – California Public Employees' Retirement System (CalPERS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalPERS

At June 30, 2015, the District reported a liability of $13,554,230 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District's proportion was 0.12%. For the year ended June 30, 2015, the District recognized pension expense of $397,568. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 4,656,587
District contributions subsequent to the measurement date	3,060,212	-
Total	$ 3,060,212	$ 4,656,587

The $3,060,212 reported as deferred outflows of resources related to pensions resulted from District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The $4,656,587 reported as deferred inflows of resources related to pensions will be recognized in pension expense over the next four years.

NOTE 9 – PENSION PLANS (continued)

Pension Plans – California Public Employees' Retirement System (CalPERS) (continued)

Actuarial assumptions. For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

CalPERS	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract Cola up to 2.00% until Purchasing Power Protection allowance Floor on Purchasing Power applies, 2.75% therafter

*The mortality table used was developed based on CalPERS specific data.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

NOTE 9 – PENSION PLANS (continued)

Pension Plans – California Public Employees' Retirement System (CalPERS) (continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10*	Real Return Years 11+**
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
	100.00%		

*An expected inflation of 2.5% used for this period
**An expected inflation of 3.0% used for this period

Discount Rate - The discount rate used to measure the total pension liability was 7.50 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is in the following table:

	Discount Rates		
	-1% (6.5%)	(7.5%)	1% (8.5%)
Plan's net pension liability	$ 17,978,159	$ 13,554,230	$ 8,543,192

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS CAFR at https://www.calpers.ca.gov/docs/forms-publications/cafr- 2014.pdf.

NOTE 9 – PENSION PLANS (continued)

Pension Plans – California State Teachers' Retirement System (CalSTRS)

General Information about the Pension Plan

Plan Description – CalSTRS provides pension benefits to California full-time and part-time public school teachers from pre-kindergarten through community college and certain other employees of the public school system. The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established these plans and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation.

Benefits Provided - The State Teachers' Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The Plans' provisions and benefits in effect at June 30, 2015 are established by statute.

The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

Under California law, the DB Program receives contributions from members and employers set as a percentage of members' earnings, in addition to contributions from the state's General Fund and other sources. CalSTRS investment earnings finance the cost of administering the plan and offset the amount of contributions required to fund benefits. Unlike most other pension plans in California, the board does not have broad authority to raise contribution rates. Because contribution rates are set in statute, the authority to adjust them rests with the Legislature and the Governor.

NOTE 9 – PENSION PLANS (continued)

Pension Plans – California State Teachers' Retirement System (CalSTRS) (continued)

General Information about the Pension Plan, continued

		FY 2014-15 Rate	Ultimate Rate	Equivalent Rate*
EC § 22901 & § 22901.7	Members	8.150%	10.250% / 9.205%	9.654%
EC § 22950 & § 22951	Employers	8.250%	8.250%	8.250%
EC § 22950.5(a)	Employers - Supplemental**	0.630%	10.850%	8.662%
EC § 22950(c)	Employers for THBF***	0.000%	as needed	0.000%
EC § 22955.1(a)	State****	2.017%	2.017%	1.868%
EC § 22955.1(b)	State - Supplemental	1.437%	4.311%	3.794%
	Equivalent Level Contribution Rate through June 30, 2046			32.228%

*Equivalent level contribution rate payable through June 30, 2046.

**Graded increases per schedule defined in the Education Code. The ultimate contribution will vary depending on the funded status. For purposes of this exhibit, it is assumed the ultimate rate specified in the graded schedule will not change in the future.

***The Teachers' Health Benefit Fund is financed by a redirection of employer contributions. The Teachers' Retirement Board has set aside DB Proram assets to finance these future costs. This is reflected in the valuation by adding the unfunded obligation for future THBF benefits to the Actuarial Obligation of the DB Program.

****The State's contribution of 2.017% is paid quarterly based on second prior fiscal year salaries.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalSTRS

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability totaled $36,296,251. The State's proportionate share of the net pension liability that was associated with the District was $23,185,742.

NOTE 9 – PENSION PLANS (continued)

Pension Plans – California State Teachers' Retirement System (CalSTRS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalSTRS

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's proportionate share of total CalSTRS calculated employer contributions, including the State. At June 30, 2014, the District's proportion was 0.062%.

The components of the net pension liability of the STRP as of June 30, 2014 and 2013, are as follows:

(dollars in millions)	2014	2013
Total pension liability	$ 248,911	$ 237,786
Less: STRP fiduciary net position	190,474	166,348
Net pension liability of employers of the State	$ 58,437	$ 71,438

For the year ended June 30, 2015, the District recognized pension expense of $1,736,949 and revenue of the same amount for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 8,940,933
District contributions subsequent to the measurement date	3,050,426	-
Total	$ 3,050,426	$ 8,940,933

The $3,050,426 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The $8,940,933 reported as deferred inflows of resources related to pensions will be amortized over the next four years as a pension expense.

NOTE 9 – PENSION PLANS (continued)

Pension Plans – California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Assumptions

The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Discount rate	7.60%
Investment rate of return	7.60 %, net of investment expenses, but gross of administrative expenses. CalSTRS uses a 7.50 % assumed investment rate of return for funding purposes, which is net of administrative expenses.
Consumer price inflation	3.00%
Wage growth	3.75%
Post-retirement benefit increases	2.00% simple for DB Not applicable for DBS/CBB

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance - PCA) as an input to the process. Based on the model from CalSTRS consulting actuary's (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board.

		Time-Weighted Performance Returns			
Asset Class	**Actual Allocation as of June 30, 2014**	**1 Yr**	**3 Yr**	**5 Yr**	**10 Yr**
Global Equity	57.30%	24.73%	13.00%	16.80%	8.30%
Fixed Income	15.50%	5.80%	4.60%	6.30%	5.50%
Real Estate	11.70%	14.50%	12.60%	8.00%	7.40%
Private Equity	11.50%	19.60%	13.00%	16.60%	13.80%
Cash/Liquidity	2.50%	0.60%	2.40%	5.60%	2.00%
Inflation Sensitive	0.70%	10.50%	5.80%	-	-
Absolute Return	0.80%	0.10%	0.30%	0.00%	-
Total	100.00%	18.70%	11.20%	13.70%	7.70%

NOTE 9 – PENSION PLANS (continued)

Pension Plans – California State Teachers' Retirement System (CalSTRS) (continued)

Discount rate - The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.60% percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

	Discount Rates		
	-1% (6.6%)	(7.6%)	1% (8.6%)
Plan's net pension liability	$ 64,899,278	$ 36,296,251	$ 16,903,310

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS CAFR at http://www.calstrs.com/comprehensive-annual-financial-report.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2015.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2015.

C. Construction Commitments

As of June 30, 2015, the District had $14,903,313 in construction commitments related to unfished capital projects at Lawndale High School.

NOTE 11 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in three joint ventures under joint powers authorities (JPAs); the Alliance of Schools Cooperative Insurance Program (ASCIP), Local Classrooms Funding Authority (LCFA), and the Local Public Schools Funding Authority (LPSFA). The relationship between the District and the JPAs is such that the JPAs are not a component unit of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between the JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

NOTE 12 – NOTE RECEIVABLE

On November 30, 2012, the District received a promissory note in the principal amount of $910,000. The Promisor (former Superintendent Jose Fernandez), for value received, agrees to pay the principal amount of $910,000 plus interest at 2.00 percent. The principal and accrued interest shall be due and payable within 40 years with provisions for late payments.

NOTE 13 – PRIOR PERIOD ADJUSTMENT

The beginning net position of Governmental Activities has been restated in order to record the District's proportionate share of the net pension liability and deferred outflows of resources related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. Additionally, a restatement to capital assets was made to reflect the proper beginning balance of buildings and improvements, and depreciation for land improvements. The net effect on beginning net position was a decrease of $46,663,824.

NOTE 14 – SUBSEQUENT EVENT

Tax and Revenue Anticipation Notes

On July 1, 2015, the District issued $5,000,000 of Tax and Revenue Anticipation Notes bearing interest at 2.00 percent. The notes were issued to supplement cash flows. The notes mature on June 30, 2016 with repayment scheduled to begin during January, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	$ 59,989,043	$ 59,918,447	$ 59,286,172	$ (632,275)
Federal sources	4,507,040	5,170,247	4,673,049	(497,198)
Other state sources	4,613,650	6,719,044	20,930,201	14,211,157
Other local sources	4,625,494	5,096,303	6,022,117	925,814
Total Revenues	73,735,227	76,904,041	90,911,539	14,007,498
EXPENDITURES				
Certificated salaries	32,481,316	34,819,987	35,224,118	(404,131)
Classified salaries	11,839,317	12,691,945	12,714,583	(22,638)
Employee benefits	13,598,788	14,204,931	14,639,923	(434,992)
Books and supplies	3,449,290	4,531,288	3,398,719	1,132,569
Services and other operating expenditures	10,916,132	14,201,244	11,622,244	2,579,000
Capital outlay	165,000	625,529	531,223	94,306
Other outgo				
Excluding transfers of indirect costs	3,482,201	3,488,907	4,228,942	(740,035)
Transfers of indirect costs	(256,887)	(225,013)	(229,809)	4,796
Total Expenditures	75,675,157	84,338,818	82,129,943	2,208,875
Excess (Deficiency) of Revenues				
Over Expenditures	(1,939,930)	(7,434,777)	8,781,596	16,216,373
Other Financing Sources (Uses):				
Other uses	-	-	(186,807)	(186,807)
Transfers out	-	-	(14,878,069)	(14,878,069)
Net Financing Sources (Uses)	-	-	(15,064,876)	(15,064,876)
NET CHANGE IN FUND BALANCE	(1,939,930)	(7,434,777)	(6,283,280)	1,151,497
Fund Balance - Beginning	10,268,635	10,268,198	10,268,198	-
Prior Period Adjustment	-	-	-	-
Fund Balance - Ending	$ 8,328,705	$ 2,833,421	$ 3,984,918	$ 1,151,497

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- On behalf payments are not included in the actual revenues and expenditures reported in this schedule.
- Other audit adjustments were made and are not reflected on this schedule.
- The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Adult Education Fund and Special Reserve for Postemployment Benefit Funds, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

See accompanying note to required supplementary information.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
7/1/2014	$ -	$ 17,162,858	$ 17,162,858	0%	$ 41,765,641	41%
7/1/2012	$ -	$ 14,347,766	$ 14,347,766	0%	$ 38,268,154	37%
7/1/2010	$ -	$ 15,030,445	$ 15,030,445	0%	$ 39,143,585	38%
7/1/2008	$ -	$ 15,587,141	$ 15,587,141	0%	$ 40,606,500	38%

See accompanying note to required supplementary information.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2015

Cal STRS		**2015**
Proportion of the net pension liability		0.010%
Proportionate share of the net pension liability	$	36,296,251
Covered - employee payroll	$	22,817,348
Proportionate Share of the net pension liability as percentage of covered-employee payroll		159.07%
Plan's fiduciary net position	$	18,102,006
Plan fiduciary net position as a percentage of the total pension liability		19.66%

Cal PERS		**2015**
Proportion of the net pension liability		0.015%
Proportionate share of the net pension liability	$	13,554,230
Covered - employee payroll	$	13,498,352
Proportionate Share of the net pension liability as percentage of covered-employee payroll		100.41%
Plan's fiduciary net position	$	8,366,417
Plan fiduciary net position as a percentage of the total pension liability		83.46%

Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

See accompanying note to required supplementary information.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2015

CalSTRS	Reporting Fiscal Year 2015
Statutorily required contribution	$ 3,050,426
District's contributions in relation to the statutorily required contribution	3,050,426
District's contribution deficiency (excess)	-
District's covered-employee payroll	$ 22,817,348
District's contributions as a percentage of covered-employee payroll	13.37%

CalPERS	Reporting Fiscal Year 2015
Statutorily required contribution	$ 1,602,056
District's contributions in relation to the statutorily required contribution	1,602,056
District's contribution deficiency (excess)	-
District's covered-employee payroll	13,498,352
District's contributions as a percentage of covered-employee payroll	11.87%

Notes to schedule:

Valuation date	June 30, 2013
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Amortization Periods	30 years
Asset Valuation Method	Smoothing of Market Value
Inflation	2.75%
Salary Increases	Varies, based on entry age and service
Investment Rate of Return	7.50%

See accompanying note to required supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Funding Progress

This schedule is required by GASB Statement No. 45 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents, for the most recent actuarial valuation and the two preceding valuations, information about the funding progress of the plan, including, for each valuation, the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the total unfunded actuarial liability (or funding excess) to annual covered payroll.

Schedule of the District's Proportionate Share of the Net Pension Liability

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered-employee payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered-employee payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered-employee payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2015, the District incurred an excess of expenditures over appropriations in General Fund presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	**Actual**	**Excess**
General Fund			
Certificated salaries	$ 34,819,987	$ 35,224,118	$ (404,131)
Classified salaries	$ 12,691,945	$ 12,714,583	$ (22,638)
Employee benefits	$ 14,204,931	$ 14,639,923	$ (434,992)
Other outgo			
Excluding transfers of indirect costs	$ 3,488,907	$ 4,228,942	$ (740,035)

SUPPLEMENTARY INFORMATION

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
ORGANIZATION
FOR THE YEAR ENDED JUNE 30, 2015

The Centinela Valley Union High School District was formed in 1905 and was originally known as the Inglewood Union High School District. It was composed of the territory of Hawthorne, Inglewood (later Inglewood City), Jefferson (later Lennox), and Wiseburn School Districts. Following the formation in 1912 from territory taken from Wiseburn School District, the El Segundo School District was also a component of the High School District. The name was changed to Centinela Valley Union High School District on November 1, 1944. El Segundo withdrew on November 22, 1925, to form the El Segundo High School District, and on July 1, 1954, Inglewood withdrew and formed the Inglewood Unified School District. The Centinela Valley Union High School District is a component of the El Camino Community College District, and is composed of three high schools, one continuation high school, and one adult school.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Hugo M. Rojas	President	December 2017
Lorena L. Gonzalez	Vice President	December 2015
Rocio C. Pizano	Clerk	December 2017
Gloria A. Ramos	Member	December 2015
Maritza R. Molina	Member	December 2017

ADMINISTRATION

Bob Cox
Interim Superintendent

Ron Hacker
Assistant Superintendent, Business Services

Dr. Allan Mucerino
Assistant Superintendent, Educational Services

Bob Cox
Assistant Superintendent, Human Resources

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education:			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	$ 1,998,310
Adult Education Cluster			
Title II, Part A, Teacher Quality	84.367A	14341	198,130
Title III, Immigrant Education Program	84.365	15146	7,799
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	29,530
Department of Rehab: Workability II, Transition Partnership	84.158	10006	477,009
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,213,671
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	151,079
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14894	304,986
CaPROMISE MDP	84.418P	*	225,361
Total U. S. Department of Education			4,605,875
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through California Department of Education:			
Child Nutrition: School Programs	10.553	13390	4,020,969
Total U. S. Department of Agriculture			4,020,969
Total Federal Expenditures			$ 8,626,844

***** - PCS Number not available or not applicable

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2015

	Second Period Report	Second Period Report After Audit Adjustments*	Annual Report	Annual Report After Audit Adjustments*
SECONDARY				
Regular ADA				
Ninth through twelfth	6,037	6,037	5,979	5,979
Total Regular ADA	6,037	6,037	5,979	5,979
Extended Year Special Education				
Ninth through twelfth	15	15	15	15
Total Extended Year Special Education	15	15	15	15
Special Education, Nonpublic, Nonsectarian Schools				
Ninth through twelfth	38	38	33	33
Total Special Education, Nonpublic, Nonsectarian Schools	38	38	33	33
Community Day School				
Ninth through twelfth	12	12	9	9
Total Community Day School	12	12	9	9
Average Daily Attendance Total	6,102	6,102	6,036	6,036

*****The District has not revised the Second Period and Annual Reports for the finding #2015-4.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2015

Grade Level	1982 - 83 Actual Minutes	1982 - 83 Actual Minutes Reduced	1986 - 87 Minutes Requirement	Reduced 1986 - 87 Minutes Requirement	2014-15 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Grade 9	55,332	53,795	64,800	63,000	63,076	180	N/A	Complied
Grade 10	55,332	53,795	64,800	63,000	63,076	180	N/A	Complied
Grade 11	55,332	53,795	64,800	63,000	63,076	180	N/A	Complied
Grade 12	55,332	53,795	64,800	63,000	63,076	180	N/A	Complied

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

	2016 (Budget)	2015	2014	2013
General Fund - Budgetary Basis**				
Revenues and Other Financing Sources	$ 86,429,671	$ 90,911,539	$ 73,318,519	$ 62,060,990
Expenditures and Other Financing Uses	84,888,456	97,194,819	71,490,714	60,589,159
Net Change in Fund Balance	1,541,215	(6,283,280)	1,827,805	1,471,831
Ending Fund Balance	$ 5,526,133	$ 3,984,918	$ 10,268,198	$ 8,501,608
Available Reserves*	$ 4,985,271	$ 3,132,146	$ 9,873,882	$ 7,428,894
Available Reserves as a Percentage of Outgo	5.87%	3.22%	13.81%	12.26%
Long-term Debt	$ 272,667,246	$ 277,657,186	$ 268,786,955	$ 212,413,295
Average Daily Attendance at P-2***	6,106	6,215	6,231	6,161

The General Fund balance has decreased by $4,516,690 over the past two years. The fiscal year 2015-16 budget projects an increase of $1,541,215. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating surplus in one of the past three years and anticipates incurring an operating deficit during the 2014-15 fiscal year. Total long term obligations have increased by $65,226,265 over the past two years.

Average daily attendance has increased by 54 ADA over the past two years. A decrease of 109 ADA is anticipated during the 2015-16 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Adult Education Fund and Special Reserve for Postemployment Benefit Funds, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

***Average daily attendance at P-2 includes district funded county program ADA.

On behalf payments are not included in the actual revenues and expenditures reported in this schedule.

Other audit adjustments were made and are not reflected on this schedule.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

FUND BALANCE		**General Fund**
June 30, 2015, annual financial and budget report fund balance	$	5,133,852
Adjustments and reclassifications:		
Increase (decrease) in total fund balance		
Decrease in accounts receivable*		(910,000)
Decrease in cash with fiscal agent**		(186,810)
Increase in accounts receivable**		-
Change in fair market value of cash in county***		-
Net adjustments and reclassifications		(1,096,810)
June 30, 2015, audited financial statement fund balance	$	4,037,042

*This audit adjustment is made to recognize an audit adjustment that has rolled forward from fiscal year 2012-13 because it was not recorded in the District's financial records.

**This audit adjustment is made to recognize the impact of an audit adjustment to the cash with fiscal agent balance of the general fund.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2015

Charter School	Status	Included in Audit Report
Family First Charter	Active	No
New Opportunities Charter	Active	No

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2015

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Fund	Capital Project for Blended Component Unit Fund	Non-Major Governmental Funds
ASSETS						
Cash and cash equivalents	$ (231,735)	$ 691,797	$ 175,740	$ 38,056	$ 180	$ 674,038
Accounts receivable	623,207	3,635	2,045	122	-	629,009
Stores inventory	27,449	-	-	-	-	27,449
Total Assets	$ 418,921	$ 695,432	$ 177,785	$ 38,178	$ 180	$ 1,330,496
LIABILITIES						
Accrued liabilities	$ 227,349	$ 103,516	$ -	$ -	$ -	$ 330,865
Total Liabilities	227,349	103,516	-	-	-	330,865
FUND BALANCES						
Nonspendable	29,949	-	-	-	-	29,949
Restricted						
Capital projects	-	-	15,789	-	-	15,789
Assigned	161,623	591,916	161,996	38,178	180	953,893
Total Fund Balances	191,572	591,916	177,785	38,178	180	999,631
Total Liabilities and Fund Balance	$ 418,921	$ 695,432	$ 177,785	$ 38,178	$ 180	$ 1,330,496

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Fund	Capital Project for Blended Component Unit Fund	Non-Major Governmental Funds
REVENUES						
Federal sources	$ 3,718,962	$ -	$ -	$ -	$ -	$ 3,718,962
Other state sources	318,925	-	290,839	-	-	609,764
Other local sources	6,872	708,423	4,926	257	64	720,542
Total Revenues	4,044,759	708,423	295,765	257	64	5,049,268
EXPENDITURES						
Current						
Pupil services						
Food services	4,088,743	-	-	-	-	4,088,743
General administration						
All other general administration	229,809	-	-	-	-	229,809
Plant services	4,516	512,697	630,775	-	35,323	1,183,311
Facilities acquisition and maintenance	-	35,585	-	-	-	35,585
Total Expenditures	4,323,068	548,282	630,775	-	35,323	5,537,448
Excess (Deficiency) of Revenues						
Over Expenditures	(278,309)	160,141	(335,010)	257	(35,259)	(488,180)
Other Financing Sources (Uses)						
Transfers out	-	-	(290,839)	-	-	(290,839)
Net Financing Sources (Uses)	-	-	(290,839)	-	-	(290,839)
NET CHANGE IN FUND BALANCE	(278,309)	160,141	(625,849)	257	(35,259)	(779,019)
Fund Balance - Beginning	469,881	431,775	803,634	37,921	35,439	1,778,650
Fund Balance - Ending	$ 191,572	$ 591,916	$ 177,785	$ 38,178	$ 180	$ 999,631

NOTE 1 – PURPOSE OF SCHEDULES

Organization
This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Expenditures of Federal Awards
The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States*, *Local Governments, and* Non-*Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2015.

	CFDA Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		$ 8,392,011
USDA Commodities	10.555	234,833
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		$ 8,626,844

Schedule of Average Daily Attendance (ADA)
Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time
The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code Sections* 46200 through 46206. As of June 30, 2015, the District had not yet met its target funding.

Districts must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirements, whichever is greater, as required by *Education Code Section* 46201. Through 2014-15, the instructional day and minute requirements have been reduced pursuant to *Education Code Section 46201.2*.

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of Financial Trends and Analysis
This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Schedule of Charter Schools
This schedule lists all Charter Schools chartered by the District, and displays information for each Charter School on whether or not the Charter School is included in the District audit.

Combining Statements – Non-Major Funds
These statements provide information on the District's non-major funds.

OTHER INDEPENDENT AUDITORS' REPORTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Governing Board
Centinela Valley Union High School District
Lawndale, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Centinela Valley Union High School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Centinela Valley Union High School District's basic financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Centinela Valley Union High School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Centinela Valley Union High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Centinela Valley Union High School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. (Finding #2015-01).

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. (Findings #2015-02 through #2015-05)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Centinela Valley Union High School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Centinela Valley Union High School District's Response to Findings

Centinela Valley Union High School District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Centinela Valley Union High School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
March 29, 2016

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Governing Board
Centinela Valley Union High School District

Lawndale, California

Report on Compliance for Each Major Federal Program

We have audited Centinela Valley Union High School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Centinela Valley Union High School District's major federal programs for the year ended June 30, 2015. Centinela Valley Union High School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Centinela Valley Union High School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Centinela Valley Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Centinela Valley Union High School District 's compliance.

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Opinion on Each Major Federal Program

In our opinion, Centinela Valley Union High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Centinela Valley Union High School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Centinela Valley Union High School District 's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Centinela Valley Union High School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
March 29, 2016

Member of AICPA

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
Centinela Valley Union High School District
Lawndale, California

Report on State Compliance

We have audited Centinela Valley Union High School District's compliance with the types of compliance requirements described in the *2014-15 Guide for Annual Audits of K – 12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel that could have a direct and material effect on each of Centinela Valley Union High School District's state programs for the fiscal year ended June 30, 2015, as identified below.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Centinela Valley Union High School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2014-15 Guide for Annual Audits of K – 12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Centinela Valley Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.
We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Centinela Valley Union High School District's compliance with those requirements.

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Opinion on State Compliance

In our opinion, Centinela Valley Union High School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as items #2015-04 and #2015-5. Our opinion on state compliance is not modified with respect to these matters.

Centinela Valley Union High School District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Centinela Valley Union High School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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Procedures Performed

In connection with the audit referred to above, we selected and tested transactions and records to determine Centinela Valley Union High School District's compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME	PROCEDURES PERFORMED
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not applicable
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not applicable
Middle or Early College High Schools	Not applicable
K-3 Grade Span Adjustment	Not applicable
Transportation Maintenance of Effort	Yes
Regional Occupational Centers or Programs Maintenance of Effort	Not applicable
Adult Education Maintenance of Effort	Yes
California Clean Energy Jobs Act	Not applicable
After School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2015

FINANCIAL STATEMENTS

Type of auditors' report issued:	Modified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	Yes
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	No
Identification of major programs:	

CFDA Number(s)	Name of Federal Program of Cluster
84.048	Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)
84.158	Department of Rehab: Workability II, Transition Partnership
84.027	Special Education Program Cluster
10.553	Child Nutrition: School Programs

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000
Auditee qualified as low-risk auditee?	No

STATE AWARDS

Internal control over state programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Type of auditors' report issued on compliance for state programs:	Unmodified

FIVE DIGIT CODE	**AB 3627 FINDING TYPE**
20000	Inventory of Equipment
30000	Internal Control

Finding #2015-1: CAPITAL ASSETS (30000) (MATERIAL WEAKNESS)

Criteria: A currrent and complete listing of capital assets should be maintained by the District in order to derive depreciation expense and maintain accountability for capital assets. This listing should reconcile with the capital assets schedule prepared by the District.

Condition: The District has a detailed capital assets listing to support balances reported for land improvements and buildings and improvements, however there is no detail listing that reconciles with the reported balance for equipment.

Cause: The District was unable to reconcile the capital asset listing prepared by the appraisal firm and the capital assets schedule prepared by the District.

Perspective: Review of the District's capital asset records.

Effect: The equipment balance could not be tested, due to there being no detail listing to sample from. Estimates for current year edpreciation expense are best estimates based off of prior year schedules and these estimates would be more accurate based on a current and detailed capital assets listing.

Recommendation: We recommend that the District reconcile the capital asset listing prepared by the appraisal firm and the capital assets schedule to maintain accountability for capital assets.

District Response: The District will continue to work with its construction management company to ensure proper recording of construction-related capital assets. The district also will purchase a capital asset tracking system and will engage a qualified asset appraisal firm to ensure a proper reconciliation of all balances in the capital assets listings.

Finding #2015-2: ASSOCIATED STUDENT BODY (ASB) (30000)

Criteria: In accordance with sound internal control practices, Associated Student Body (ASB) organizations should have appropriate safeguards in place to control receipt and disbursement transactions so as to minimize the potential for loss and misuse of student funds.

Condition: We found the following internal control deficiencies in our test of ASB controls:

<u>Hawthorne High School:</u>

- One (1) of 10 cash disbursements related to a reimbursement to a club advisor for an amount that was documented by a non-itemized receipt.
- Three (3) of 10 cash disbursements were not notated as to receipt, making it difficult to ensure that all quantities purchased are ultimately received.
- One (1) of 10 cash receipts tested had a $71 variance between ticket control worksheet and cash receipts which had not been investigated.
- One (1) of 10 cash receipts tested did not have adequate supporting documentation to reconcile the amount collected with the donation activity.

<u>Lawndale High School:</u>

- Two (2) of 10 cash receipts tested did not have adequate supporting documentation to reconcile the amount collected with the donation activity.

<u>Leuzinger High School:</u>

- One (1) of 10 cash receipts tested was not deposited at the District Office within one week of receipt.

Cause: Lack of consistent applciation of District policies in ASB organizations.

Perspective: Internal control walkthroughs and detail tests of transactions consisting of samples of 10 disbursements and 10 receipts at Hawthorne High School, Lawndale High School and Leuzinger High School, respectively.

Effect: Potential for waste or abuse in the ASB organizations.

Recommendation: The District should continue to provide support and regular in-service trainings to District employees involved with ASB organizations to best ensure the consistant application of District policies.

District Response: Although the performance of the site ASBs has improved significantly, we recognize that they still need more guidance from the Business Office regarding best practices. The District will schedule a training workshop in the second quarter of 2016, and begin the process of creating a guide – to include a best practices section – that Activity Directors can use.

FINDING #2015-3: CASH DISBURSEMENTS (30000)

Criteria: Cash disbursements should be made for allowable district purposes in correct amounts and supported by appropriate invoices and receiving documents.

Condition: During the course of expenditure testing, we noted that in some instances, purchase orders were dated after the invoice date.

Cause: An internal control weakness exists with regard to the implementation of purchasing internal controls.

Perspective: Five (5) of 150 expenditures tested had a purchase order dated after the invoice date.

- Warrant # 21675886, invoice date 10/9/14, PO date 10/14/14, Allan Mucerino, $726.11
- Warrant # 21598190, invoice date 9/12/14, PO date 2/11/15, A-A Backflow Testing & Maint, $1,657.00
- Warrant # 22169867, invoice date 2/19/15, PO date 3/3/15, Daily Breeze, $1,769.15

Effect: Funds might not be encumbered in the District budgeting process against all expenditures made and proper authorization of purchases and verification of budget for such expenditures is being bypassed. The normal purchasing and cash disbursement approval process is not always followed, and could increase the risk that unallowable expenditures are inadvertently processed for payment without advanced approval.

Recommendation: We recommend that the District enhance internal controls over the processing of expenditures. Inadequate internal controls over expenditures increase the risk of fraudulent activities and/or materially misstated financial statements. In addition, we recommend that District ensure that all payments occur in a timely manner.

District Response: The District has implemented a procedure to insure that all expenditures to be paid from District warrants are paid based on properly approved purchase orders, receipts and other supporting documents, including purchase orders being obtained prior to the procurement of goods or services.

There were no federal award findings and questioned costs in 2014-15.

FIVE DIGIT CODE	AB 3627 FINDING TYPE
10000	Attendance
40000	State Compliance
41000	CalSTRS
60000	Miscellaneous
61000	Classroom Teacher Salaries
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

Finding #2015-4: SHORT-TERM INDEPENDENT STUDY (10000, 40000)

Criteria: Per section 51747.5(b) of the Education Code school districts and county offices of education may claim apportionment credit for independent study only to the extent of the time value of pupil or student work products, as personally judged in each instance by a certificated teacher.

Condition: In testing short-term independent study we noted that one of five contracts tested at Hawthorne High School and three of five contracts tested at Lawndale High School did not contain all required elements as specified in the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, Section 19819(c)(7)).
Hawthorne High School

- One (1) non-compliant contract of 5 contracts tested awarded a total of 16 days of apportionment when 0 days should have been granted.

Lawndale High School

- Three (3) non-compliant contracts of 5 contracts tested awarded a total of 22 days of apportionment when 8 days should have been granted.

Cause: Clerical error.

Perspective/Context: One (1) of 5 contracts tested at Hawthorne High School and three (3) of 5 contracts tested at Lawndale High School, for a total overstatement of 30 days of apportionment.

Finding #2015-4: SHORT-TERM INDEPENDENT STUDY (10000, 40000) (continued)

Effect: The District claimed ADA for non-compliant short term independent study contracts.

Questioned Costs/ADA Impact: The District cannot claim a portion of the ADA generated by short term independent study. Apportionment Attendance at Second Period is overstated by 0.24 ADA which results in a loss of funding of approximately $2,070 (LCFF-Base Grant per ADA).

Recommendation: The District needs to revise its 2014-15 P-2 and Annual attendance reports to exclude the attendance days inappropriately claimed.

District Response: The District will implement several measures to ensure that independent study attendance numbers and contracts are calculated, analyzed and reported properly:

1) District Administration will request guidance from accounting professionals regarding best practices related to monitoring independent study contracts and ADA.
2) The District will ensure that all stateholders receive extensive training regarding proper methods of analyzing contracts and calculating ADA.
3) The District will implement a process in which Administrators monitor contracts and ADA reporting to ensure that teachers and clerical staff are in compliance with accepted methods.

The District will revise its 2014-2015 P-2 and annual attendance report to exclude the attendance days inappropriately claimed.

FINDING #2015-5: ATTENDANCE ACCOUNTING (10000, 40000)

Criteria: Certificated rosters, absence notes, and other source documents of attendance should be correctly posted to the District's attendance system per Education Code Section 46000 et seq. Auditors are required to verify compliance in Section 19817.1 of the *2014-15 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*.

Condition: From our testing at Leuzinger High School, we discovered the following exception:

- One (1) of 10 attendance periods tested had a discrepancy between the manual signed roster and the attendance register

Cause: Clerical oversight.

Effect: There is no ADA impact as the student with a variance noted was present for a portion of the day identified.

ADA Impact: The District's P2 report was not impacted as a result of this exception, as the student with a variance was present for a portion of the day identified.

Recommendation: We recommend that the attendance office review each absence for proper posting and make sure all teacher rosters are collected, where applicable.

District Response: The District already has provided training to site attendance personnel, and will provide further training if necessary to ensure that proper procedures are followed.

Finding #2014-1: CAPITAL ASSETS (30000) (MATERIAL WEAKNESS)

Criteria: A currrent and complete listing of capital assets should be maintained by the District in order to derive depreciation expense and maintain accountability for capital assets. This listing should reconcile with the capital assets schedule prepared by the District.

Condition: The District has a detailed capital assets listing to support balances reported for land improvements and buildings and improvements, however there is no detail listing that reconciles with the reported balance for equipment.

Cause: The District was unable to reconcile the capital asset listing prepared by the appraisal firm and the capital assets schedule prepared by the District.

Perspective: Review of the District's capital asset records.

Effect: The equipment balance could not be tested, due to there being no detail listing to sample from. Estimates for current year edpreciation expense are best estimates based off of prior year schedules and these estimates would be more accurate based on a current and detailed capital assets listing.

Recommendation: We recommend that the District reconcile the capital asset listing prepared by the appraisal firm and the capital assets schedule to maintain accountability for capital assets.

District Response: The District will work with its construction management company, and will engage a qualified asset appraisal firm to ensure a proper reconciliation of all balances in the capital assets listings.

Current Status: See finding #2015-1.

FINDING #2014-2: RECORDING OF OTHER LONG TERM DEBT (30000) (MATERIAL WEAKNESS)

Criteria: The District should have proper internal control policies and procedures in place to ensure that transactions relating to debt issuances and related expenditures are recorded within the accounting system.

Condition: Several instances of multi-year long term debt obligations were not recorded in the district's accounting system.

Cause: Lack of oversight over the process of recording financial transactions.

Perspective: Fourth (4) long term debt obligations were not recorded.

- $1,892,328 repayment to the California Department of General Services due through July 1, 2016
- $403,136 balance of PARS supplementary retirement plans payments due through July 10, 2015
- $292,720 balance of Key Government Finance, Inc. software license lease payments due through August 27, 2015
- $10,076,000 balance of PARS supplementary retirement plans payments due through the 2036-37 fiscal year

Effect: Misstatement of fund balance and long-term liabilities.

Recommendation: We recommend that the District implement internal control processes to ensure all transactions are recorded in the accounting system.

District Response: The District will implement and maintain proper controls over the financial recording process, to ensure all transactions are recorded properly within the financial statements.

Current Status: Impemented.

Finding #2014-3: ASSOCIATED STUDENT BODY (ASB) (30000)

Criteria: In accordance with sound internal control practices, Associated Student Body (ASB) organizations should have appropriate safeguards in place to control receipt and disbursement transactions so as to minimize the potential for loss and misuse of student funds.

Condition: We found the following internal control deficiencies in our test of ASB controls:

Lawndale High School:

- Four (4) of 15 disbursements tested did not contain evidence of authorized prior approval.
- Two (2) of 15 disbursements tested did not contain necessary backup of sales/inventory (Six flags tickets and Discount cards for fundraiser.
- Two (2) of 15 cash receipts tested were not deposited by the fundraising group to the ASB in a timely manner.
- We noted that reconciling items as far back as 2011 remained as outstanding adjustments, including the following items:
    - 7/25/11 – Correct cleared checks - $11,959.60
    - 4/12/12 – Uncleared Check - $340

Leuzinger High School:

- Eight (8) of 20 cash receipts tested were not deposited at the District Office within one week of receipt.
- One (1) of 20 cash receipts tested did not have adequate supporting documentation to reconcile the amount collected with the donation activity.

Cause: Lack of consistent applciation of District policies in ASB organizations.

Perspective: Internal control walkthroughs and detail tests of transactiosn occurred at Lawndale High School and Leuzinger High School, consisting of samples of 15 disbursements and 15 receipts at Lawndale and 20 disbursements and 20 receipts at Leuzinger.

Effect: Potential for waste or abuse in the ASB organizations.

Recommendation: The District should continue to provide support and regular in-service trainings to District employees involved with ASB organizations to best ensure the consistant application of District policies.

Finding #2014-3: ASSOCIATED STUDENT BODY (ASB) (30000) (continued)

District Response: Although the performance of the site ASBs has improved significantly, we recognize that they still need more guidance from the Business Office regarding best practices. The District will schedule a training workshop in the second quarter of 2015, and begin the process of creating a guide – to include a best practices section – that Activity Directors can use.

Current Status: See Finding #2015-02.

Finding #2014-4: SEGREGATION OF DUTIES (30000)

Criteria: Segregation of duties is a key measure of internal control critical to the safeguarding of District assets.

Condition: In our walkthrough of the operations of the CV Center for the Arts, we noted that the center currently has one employee who is responsible for a wide range of activities including marketing, pricing, payroll authorization, cash receipting and recordkeeping with limited review and oversight.

Cause: Decentralization of business functions.

Perspective: Walkthrough of operating activities at the CV Center for the Arts.

Effect: Potential for waste and abuse in the operations of the CV Center for the Arts.

Questioned Costs: None.

Recommendation: Transition some roles such as pricing, cash receipting and recordkeeping to business office staff where possible and expand oversight and review activities.

District Response: The District will transition responsibility and oversight of several functions, including cash receipts and recordkeeping, to Fiscal Services. This transition will be implemented by the end of the 2014-2015 fiscal year. The District will integrate financial activity related to CVCA operations into its own financial software, and will purchase additional software if necessary.

Current Status: Implemented.

FINDING #2014-5: CASH DISBURSEMENTS (30000)

Criteria: Cash disbursements should be made for allowable district purposes in correct amounts and supported by appropriate invoices and receiving documents.

Condition: During the course of expenditure testing, we noted that in some instances, purchase orders were dated after the invoice date.

Cause: An internal control weakness exists with regard to the implementation of purchasing internal controls.

Perspective: Five (5) of 150 expenditures tested had a purchase order dated after the invoice date.

- Warrant #20713228, invoice date 6/25/13, PO date 7/18/13, US Bank, $250.00
- Warrant #20870666, invoice date 6/25/13, PO date 7/18/13, US Bank $250.00
- Warrant #20960561, invoice date 12/10/12, PO date 2/13/13, DSA, $213.23
- Warrant #21003706, invoice date 11/13/13, PO date 12/4/13, SWRCB Fees, $817.00
- Warrant #21278988, invoice date 2/10/14, PO date 3/20/14, C2 Reprographics, $285.75

Effect: Funds might not be encumbered in the District budgeting process against all expenditures made and proper authorization of purchases and verification of budget for such expenditures is being bypassed. The normal purchasing and cash disbursement approval process is not always followed, and could increase the risk that unallowable expenditures are inadvertently processed for payment without advanced approval.

Recommendation: We recommend that the District enhance internal controls over the processing of expenditures. Inadequate internal controls over expenditures increase the risk of fraudulent activities and/or materially misstated financial statements. In addition, we recommend that District ensure that all payments occur in a timely manner.

District Response: The District has implemented a procedure to insure that all expenditures to be paid from District warrants are paid based on properly approved purchase orders, receipts and other supporting documents, including purchase orders being obtained prior to the procurement of goods or services.

Current Status: See Finding #2015-3.

FINDING #2014-6: BIDDING PROCEDURES (30000)

Criteria: The California Uniform Public Cost Accounting Act (Public Contract Code Section 2200) requires that the District submit a two week advertisement to a local periodical in addition to formal bid notices to specified trade journals for all projects with contract value exceeding $175,000.

Condition: During our testing of awards of contracts subject to formal and informal bid procedures in 2013-14 we noted that the district did not submit a two week advertisement to a local periodical for all projects with contract value exceeding $175,000.

Cause: Unknown.

Perspective: One (1) of two formal bid contracts tested in 2013-14.

Effect: Noncompliance with CUPCAA.

Questioned Costs: None.

Recommendation: The District should ensure that all formal bid notices are properly submitted to the required trade journals in accordance with CUPCAA.

District Response: The District acknowledges the finding and will take corrective action to ensure the recommendation is implemented during FY1415.

Current Status: Implemented.

FINDING #2014-7: RECORDING OF REVENUES (30000)

Criteria: The District should have proper internal control policies and procedures in place to ensure that transactions relating to revenues are recorded within the accounting system in the correct fiscal year.

Condition: Portions of National School Lunch Program (NSLP) federal and state revenues earned in April, May and June of 2014 were attributed to the 2014-15 fiscal year.

Cause: Lack of oversight over the process of recording financial transactions.

Perspective: Federal revenues of $427,161 and State revenues of $13,954 attributable to the 2013-14 fiscal year were incorrectly recorded in the 2014-15 fiscal year.

Effect: Misstatement of fund balance and revenues.

Recommendation: We recommend that the District implement internal control processes to ensure all transactions are recorded in the accounting system.

District Response: The District will implement and maintain proper controls over the financial recording process, to ensure all transactions are recorded properly within the financial statements.

Current Status: Implemented.

Finding #2014-8: SHORT-TERM INDEPENDENT STUDY (10000, 40000)

Criteria: Per section 51747.5(b) of the Education Code school districts and county offices of education may claim apportionment credit for independent study only to the extent of the time value of pupil or student work products, as personally judged in each instance by a certificated teacher.

Condition: In testing short-term independent study we noted that four of nine contracts tested at Leuzinger High School and seven of eight contracts tested at Lawndale High School did not contain all required elements as specified in State Audit Guide Section 19819(c)(7)).

<u>Leuzinger</u>

- Four (4) non-compliant contracts awarded a total of 88 days of apportionment when 0 days should have been granted.

<u>Lawndale</u>

- Seven (7) non-complaint contracts awarded a total of 42 days of apportionment when 0 days should have been granted.

Cause: Clerical error.

Perspective/Context: Four (4) of 9 contracts tested at Leuzinger and seven (7) of 8 contracts tested at Lawndale, for a total overstatement of 130 days of apportionment.

Finding #2014-8: SHORT-TERM INDEPENDENT STUDY (10000, 40000) (continued)

Effect: The District claimed ADA for non-compliant short term independent study contracts.

Questioned Costs/ADA Impact: The District cannot claim a portion of the ADA generated by short term independent study. Apportionment Attendance at Second Period is overstated by 1.02 which results in a loss of funding of approximately $5,360.

Recommendation: The District needs to revise its 2013-14 P-2 and Annual attendance reports to exclude the attendance days inappropriately claimed.

District Response: The District will implement several measures to ensure that independent study attendance numbers and contracts are calculated, analyzed and reported properly:

1) District Administration will request guidance from accounting professionals regarding best practices related to monitoring independent study contracts and ADA.
2) The District will ensure that all stateholders receive extensive training regarding proper methods of analyzing contracts and calculating ADA.
3) The District will implement a process in which Administrators monitor contracts and ADA reporting to ensure that teachers and clerical staff are in compliance with accepted methods.

The District will revise its 2013-2014 P-2 and annual attendance report to exclude the attendance days inappropriately claimed.

Current Status: See Finding #2015-4.

Finding #2014-9: INDEPENDENT STUDY HIGH SCHOOL (10000, 40000)

Criteria: Per section 51747.5(b) of the Education Code school districts and county offices of education may claim apportionment credit for independent study only to the extent of the time value of pupil or student work products, as personally judged in each instance by a certificated teacher.

Condition: In our testing of the Independent Study High School attendance records we noted the following exceptions:

- No independent study agreement shall be valid for any period longer than one semester, or one-half year for a school on a year-round calendar. As the independent study school operates on a semester system, the maximum length of each contract is one semester. We noted that all contracts sampled were semi-annual, thus exceeding the length of one semester.
- Each agreement shall include a statement of the number of course credits. It was noted in our testing that this information is listed upon completion of a given contract, but is not listed upon establishment of the contract as required.
- Student 18525 was awarded 18 days of attendance credit during 2013-14 under a contract that did not contain the required parent/guardian signature.

Cause: Clerical error.

Perspective/Context: Examination of independent study high school contracts and related records. We tested 30 students at the Independent Study High School.

Effect: The District claimed ADA for non-compliant short term independent study contracts.

Questioned Costs/ADA Impact: The District cannot claim a portion of the ADA generated by the Independent Study High School. Apportionment Attendance at Second Period is overstated by 0.14 which results in a loss of funding of approximately $736.

Recommendation: The District needs to revise its 2013-14 P-2 and Annual attendance reports to exclude the attendance days inappropriately claimed.

Finding #2014-9: INDEPENDENT STUDY HIGH SCHOOL (10000, 40000) (continued)

District Response: The District will implement several measures to ensure that independent study attendance numbers and contracts are calculated, analyzed and reported properly:

1) District Administration will request guidance from accounting professionals regarding best practices related to monitoring independent study contracts and ADA.
2) The District will ensure that all stateholders receive extensive training regarding proper methods of analyzing contracts and calculating ADA.
3) The District will implement a process in which Administrators monitor contracts and ADA reporting to ensure that teachers and clerical staff are in compliance with accepted methods.

The District will revise its 2013-2014 P-2 and annual attendance report to exclude the attendance days inappropriately claimed.

Current Status: Implemented.

FINDING #2014-10: ATTENDANCE ACCOUNTING (10000, 40000)

Criteria: Certificated rosters, absence notes, and other source documents of attendance should be correctly posted to the District's attendance system per Education Code Section 46000 et seq. Auditors are required to verify compliance in Section 19817.1 of the Standards and Procedures for Audits of California K-12 Local Educational Agencies.

Condition: From our testing at Lloyde Continuation High School, we discovered the following exceptions:

- Six (2) of 87 attendance periods tested had a discrepancy between the manual signed roster and the attendance register
- Seven (7) of 20 students were listed on periods 1-4 on the official attendance register, but were enrolled in periods 2-5

Cause: Clerical oversight.

Effect: There is no ADA impact as the two students with variances each had over 15 hours of properly documented attendance for the tested week.

ADA Impact: The District's P2 report was not impacted as a result of this exception, as the two students with variances each had over 15 hours of properly documented attendance for the tested week.

Recommendation: We recommend that the attendance office review each absence for proper posting and make sure all teacher rosters are collected, where applicable.

District Response: The District already has provided training to site attendance personnel, and will provide further training if necessary to ensure that proper procedures are followed.

Current Status: See Finding #2015-5.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Agreement (the "Disclosure Agreement") dated as of October 1, 2016 is executed and delivered by the Centinela Valley Union High School District (the "District") and Keygent LLC, as dissemination agent (the "Dissemination Agent"), in connection with the issuance of $87,255,000 aggregate principal amount of the District's 2016 General Obligation Refunding Bonds, Series B (2022 Crossover) and $52,345,000 aggregate principal amount of the District's 2016 General Obligation Refunding Bonds, Series C and (together, the "Bonds"), which are being issued pursuant to the District Resolution (defined herein). The District and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the District Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"CUSIP Numbers" shall mean the Committee on Uniform Securities Identification Procedures' unique identification number for each public issue of a security.

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Bonds" shall mean the $87,255,000 2016 General Obligation Refunding Bonds, Series B (2022 Crossover) and the $52,345,000 2016 General Obligation Refunding Bonds, Series C.

"County" shall mean the County of Los Angeles, California.

"Dissemination Agent" shall mean Keygent LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"District Resolution" shall mean the resolution of the Board of Education of the District adopted on September 13, 2016, authorizing the issuance of the Bonds.

"EMMA System" shall mean the MSRB's Electronic Municipal Market Access system.

"Holder" shall mean either the registered owners of the Bonds, or if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

"Listed Events" shall mean any of the events listed in Section 5(b) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Agreement.

"Official Statement" shall mean the Official Statement dated September 21, 2016 with respect to the Bonds.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than 9 months following the end of the District's fiscal year (currently ending June 30), commencing with the report for the fiscal year 2015-16, provide to the MSRB through its EMMA System an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than 30 days (nor more than 60 days) prior to the date on which the Annual Report is to be provided pursuant to Section 3(a), the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Agreement. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the MSRB through its EMMA System to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB through its EMMA System an Annual Report by the date required in subsection (a), the District shall send a notice to the MSRB through its EMMA System.

The Dissemination Agent shall:

(i) determine each year, prior to the date for providing the Annual Report to the MSRB through the EMMA System, the date on which such Annual Report shall be due and notify the District of such date; and

(ii) (if the Dissemination Agent is other than the District) file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was provided to the MSRB through the EMMA System.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

1. Description of amount of general fund revenues and expenditures which have been budgeted for the current fiscal year, together with audited actual budget figures for the preceding fiscal year.

2. District average daily attendance for the preceding fiscal year.

3. Aggregate principal amount of short-term borrowings, lease obligations and other long-term borrowings of the District as of the end of the preceding fiscal year.

4. Information regarding total assessed valuation of taxable properties within the District, if and to the extent provided to the District by the County for the current fiscal year.

5. Information regarding total secured tax charges and delinquencies on taxable properties within the District, if and to the extent provided to the District by the County for the preceding fiscal year.

6. Information regarding the largest local secured taxpayers for the current fiscal year.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB through its EMMA System. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

(d) The descriptions contained in clause (b) above of financial information and operating data to be included in the Annual Report are of general categories or types of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, or due to changes in accounting practices, legislative or organizational changes, a statement to that effect shall be provided in lieu of such information. Comparable information shall be provided if available.

Section 5. Reporting of Listed Events.

(a) If a Listed Event occurs, the District shall provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event, notice of such Listed Event to (i) the MSRB through its EMMA System and (ii) the Dissemination Agent, if any.

Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events (each, a "Listed Event") with respect to the Bonds:

1. principal and interest payment delinquencies.
2. non-payment related defaults, if material.
3. modifications to rights of Holders, if material.
4. Bond calls, if material, and tender offers.
5. defeasances.
6. rating changes.
7. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (Internal Revenue Service Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
8. unscheduled draws on the debt service reserves reflecting financial difficulties.
9. unscheduled draws on the credit enhancements reflecting financial difficulties.
10. release, substitution or sale of property securing repayment of the Bonds, if material.
11. bankruptcy, insolvency, receivership or similar event of the District (such event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.
12. substitution of credit or liquidity providers, or their failure to perform.
13. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other

than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

14. appointment of a successor or additional paying agent or the change of name of a paying agent, if material.

(c) If the District determines that a Listed Event has occurred, the District shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (a). If the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB through its EMMA System in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event.

Section 6. CUSIP Numbers. Whenever providing information to the Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements and notices of Listed Events, the District shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist the District in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall be Keygent LLC. If at any time there is no designated Dissemination Agent appointed by the District, or if the Dissemination Agent so appointed is unwilling or unable to perform the duties of the Dissemination Agent hereunder, the District shall be the Dissemination Agent and undertake or assume its obligations hereunder. The Dissemination Agent (other than the District) shall not be responsible in any manner for the content of any notice or report required to be prepared by the District pursuant to this Disclosure Agreement.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted; and

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized Bond Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) The amendment or waiver either: (i) is approved by the Holders of the Bonds in the same manner as provided in the resolution for amendments to the District Resolution with the consent of

Holders, or (ii) does not, in the opinion of nationally recognized Bond Counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

(d) In the event of any amendment or waiver of a provision of this Disclosure Agreement, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Participating Underwriter or the Holders or Beneficial Owners of at least 25% of aggregate principal amount of the Bonds then outstanding, shall) or any Holders or Beneficial Owners of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Agreement; provided that any such action may be instituted only in the Superior Court of the State of California in and for the County of Los Angeles or in the U.S. District Court in the County of Los Angeles. A default under this Disclosure Agreement shall not be deemed an Event of Default under the District Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the District to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Governing Law. This Disclosure Agreement shall be construed and interpreted in accordance with the laws of the State of California, and any suits and actions arising out of this Disclosure Agreement shall be instituted in a court of competent jurisdiction in the State of California;

provided, however, that to the extent this Disclosure Agreement addresses matters of federal securities laws, including the Rule, this Disclosure Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Continuing Disclosure Agreement as of the date first above written.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT

By: ______________________________
Superintendent

KEYGENT LLC, as Dissemination Agent

By: ______________________________
Name:
Title:

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
Name of Issue:	$87,255,000 2016 General Obligation Refunding Bonds, Series B (2022 Crossover)
	$52,345,000 2016 General Obligation Refunding Bonds, Series C
Date of Issuance:	October 19, 2016

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4(a) of the Continuing Disclosure Undertaking dated October 19, 2016. The Issuer anticipates that the Annual Report will be filed by ___________________.

Dated: ________, ____

[ISSUER/DISSEMINATION AGENT]

By: ____

APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, as to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Direct Participants are on file with DTC.

General

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. Such information is not incorporated herein by reference.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Paying Agent on behalf thereof) as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, interest payments and redemption proceeds with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, interest payments and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Paying Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on

DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

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APPENDIX F

REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION

The Centinela Valley Union High School District (the "District") is located in the western section of the County of Los Angeles (the "County") in the State of California (the "State") and includes virtually all of the City of Lawndale ("Lawndale"), a portion of the City of Hawthorne ("Hawthorne"), a small portion of the City of El Segundo, and an unincorporated territory in the community of Lennox. This Appendix provides economic and demographic information pertaining to Lawndale, Hawthorne and the County. The Bonds are not general obligations of Lawndale, Hawthorne, the County, or the State.

Income

The following table sets forth the median household income for Hawthorne, the County, the State and the United States of America for the years 2010 through 2014.

Median Household Income[(1)(2)(3)]
For Years 2010 through 2014

Year	City of Hawthorne	County of Los Angeles	State of California	United States of America
2010	$44,649	$55,746	$60,883	$51,914
2011	45,622	56,266	61,632	52,762
2012	44,906	56,241	61,400	53,046
2013	44,649	55,909	61,094	53,046
2014	44,384	55,870	61,489	53,482

(1) Estimated. Each year is set forth in inflation-adjusted dollars for that respective year.
(2) Information specific to Lawndale is unavailable.
(3) 2015 figures are not currently available.
Source: U.S. Census Bureau – American Community Survey.

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Employment

The District is within the Los Angeles-Long Beach-Glendale Primary Metropolitan Statistical Area Labor Market (Los Angeles County) reported periodically by the State Employment Development Department.

The following table sets forth the status of wage and salary employment in the County in calendar years 2011 through 2015.

Labor Force and Employment in Los Angeles County[(1)]
For Years 2011 through 2015

	2011	2012	2013	2014	2015
Civilian Labor Force[(2)]	4,928,500	4,921,800	4,979,000	5,025,900	5,011,700
Employment	4,327,900	4,385,300	4,494,400	4,611,500	4,674,800
Unemployment	600,500	536,500	484,600	414,300	336,900
Unemployment Rate[(3)]	12.2%	10.9%	9.7%	8.2%	6.7%
Industry Employment[(4)]					
Farm	5,600	5,400	5,500	5,200	5,000
Mining and Logging	4,100	4,300	4,500	4,300	3,900
Construction	105,100	109,200	116,200	119,600	126,100
Manufacturing	366,900	367,400	368,200	364,100	360,800
Trade, Transportation and Utilities	750,600	767,400	781,800	798,800	817,800
Information	192,000	191,500	196,400	198,000	202,700
Financial Activities	210,100	212,400	213,000	211,100	214,200
Professional and Business Services	542,500	570,100	593,200	599,100	600,300
Educational and Health Services	677,300	699,500	702,100	720,700	742,200
Leisure and Hospitality	394,700	415,800	440,500	466,600	488,100
Other Services	137,000	141,700	145,700	150,500	151,700
Government	565,500	556,800	551,200	556,200	566,400
Total	3,951,400	4,041,500	4,118,300	4,194,200	4,279,200

(1) Total may not equal sum of components due to rounding. All information updated per March 2013 Benchmark.
(2) Based on place of residence.
(3) The State Employment Development Department has reported an unemployment rate (not seasonally adjusted) within the County of 5.5% for July 2016.
(4) Based on place of work.
Source: State Employment Development Department, Labor Market Information Division.

Taxable Sales

The following tables set forth taxable transactions in Hawthorne and Lawndale.

City of Hawthorne
Taxable Transactions[(1)(3)]
2010 through 2014
($ in thousands)

Type of Business	2010 Annual	2011 Annual	2012 Annual	2013 Annual	2014 Annual
Motor Vehicle and Parts Dealers	$162,823	$191,415	$230,099	$244,033	$255,442
Home Furnishings and Appliance Stores	70,297	74,367	81,695	85,539	92,078
Building Materials and Garden Equipment and Supplies	111,505	114,026	110,935	116,627	127,027
Food and Beverage Stores	31,299	31,844	32,879	33,513	34,026
Gasoline Stations	76,542	90,784	96,650	94,948	97,753
Clothing and Clothing Accessories Stores	32,910	34,733	36,330	38,268	44,471
General Merchandise Stores[(2)]	--	--	--	--	--
Food Services and Drinking Places	71,048	74,265	78,746	81,624	87,933
Other Retail Group[(2)]	280,801	298,275	309,953	307,974	317,711
Total Retail and Food Services	$837,225	$909,708	$977,287	$1,002,525	$1,056,440
All Other Outlets	$104,786	$137,126	$159,877	$174,072	$210,009
TOTAL ALL OUTLETS	$942,011	$1,046,834	$1,137,164	$1,176,597	$1,266,449

(1) Total may not equal sum of components due to rounding.
(2) Industry data for General Merchandise Stores was included in Other Retail Group.
(3) 2015 figures are not currently available.
Source: California State Board of Equalization, Taxable Sales in California.

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City of Lawndale
Taxable Transactions[1][3]
2010 through 2014
($ in thousands)

Type of Business	2010 Annual	2011 Annual	2012 Annual	2013 Annual	2014 Annual
Motor Vehicle and Parts Dealers	$20,378	$21,565	$23,149	$22,446	$24,378
Home Furnishings and Appliance Stores	7,714	8,320	9,096	8,249	10,554
Building Materials and Garden Equipment and Supplies	20,786	24,187	24,985	29,951	32,589
Food and Beverage Stores	12,997	13,007	13,282	13,416	13,577
Gasoline Stations	61,687	69,828	73,044	70,435	65,367
Clothing and Clothing Accessories Stores	3,618	3,726	3,216	3,110	3,068
General Merchandise Stores[2]	--	--	--	--	--
Food Services and Drinking Places	29,278	31,271	32,090	31,566	35,380
Other Retail Group[2]	21,365	20,819	20,116	20,274	23,162
Total Retail and Food Services	$177,823	$192,724	$198,977	$199,447	$208,075
All Other Outlets	$26,772	$27,329	$27,216	$28,782	$29,704
TOTAL ALL OUTLETS	$204,595	$220,052	$226,193	$228,229	$237,779

(1) Total may not equal sum of components due to rounding.
(2) Industry data for General Merchandise Stores was included in Other Retail Group.
(3) 2015 figures are not currently available.
Source: California State Board of Equalization, Taxable Sales in California.

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Leading County Employers

The economic base of the County is diverse with no one sector being dominant. Some of the leading activities include government (including education), business/professional management services (including engineering), health services (including training and research), tourism, distribution, and entertainment. The top twenty-five (25) private-sector employers in the County are set forth in the following table.

County of Los Angeles
Largest Private-Sector Employers(1)(2)

Employer	Product/Service	Employees
Kaiser Permanente	Non-profit health plan	36,987
University of Southern California	Private university	18,971
Northrop Grumman Corp.	Systems and products in aerospace, electronics and information systems	16,619
Target Corp.	Retailer	15,000
Ralphs/Food 4 Less (Kroger Co. division)	Grocery retailer	13,500
Bank of America Corp.	Banking and financial services	13,000(3)
Providence Health & Services S. Calif.	Health care	13,000
Walt Disney Co.	Entertainment	12,500
Albertsons/Vons/Pavilions	Retail grocer	12,400(3)
Cedars-Sinai Medical Center	Medical center	11,625
AT&T Inc.	Telecommunications, DirecTV	11,500(3)
UPS	Logistics, transportation and freight	10,800
Home Depot	Home improvement specialty retailer	10,600(3)
Boeing Co.	Aerospace manufacturer of commercial jetliners and defense, space and security systems	9,500(3)
Wells Fargo	Diversified financial services	9,248
ABM Industries Inc.	Facility services, energy solutions, commercial cleaning, maintenance and repair	8,500(3)
California Institute of Technology	Private university, operator of Jet Propulsion Laboratory	8,291
FedEx Corp.	Shipping and logistics	7,900(3)
Edison International	Electric utility	7,600(3)
Allied Universal	Security professionals, electronic security systems and solutions, fire and life safety services	6,600
Dignity Health	Health care	6,100
SoCalGas	Natural gas utility	5,600
Costco Wholesale	Membership chain of warehouse stores	5,527
Warner Bros. Entertainment Inc.	Entertainment	5,400(4)
Amgen Inc.	Biotechnology	5,300

(1) Data as of August 29, 2016.
(2) Several additional companies may have qualified for this list. However, such companies failed to submit information or do not break out local employment data.
(3) Los Angeles Business Journal estimate.
(4) Information provided by City of Burbank.
Source: Los Angeles Business Journal.

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APPENDIX G

MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ________________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)